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REPORT ON EARNINGS SHARING IMPLEMENTATION STUDY

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

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PREFACE

MANDATE FOR REPORT

This report was mandated by section 343 of the Social Security Amendments of 1983 (P.L. 98-21) [1] for the purposes of developing and analyzing a range of proposals for implementing earnings sharing under the Social Security program. The statute requires that the report analyze the effects of earnings sharing plans on Social Security beneficiaries, make recommendations about the time periods for implementing earnings sharing proposals and provide the costs of the proposals presented. The earnings sharing plans developed and analyzed are based, as specified in the law, on the proposals included in H.R. 1513, [2] S. 3, [3] and the Department of Health and Human Services report, Social Security and the Changing Roles of Men and Women, published in 1979. Also, this study was conducted in consultation with the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives and the Congressional Budget Office, as required by section 343.

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[1] See Appendix A for text of section 343.

[2] Introduced by Representative Mary Rose Oakar (D., OH), 97th Congress, 1st Session. Reintroduced as H.R. 2742, 98th Congress, 1st Session.

[3] Introduced by Senator Alan Cranston (D., CA) 98th Congress, 1st Session.

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INTRODUCTION

Since the early years of the Social Security program, there has been interest in providing fair and adequate benefits for women. Supplementary protection was first provided for workers' wives and widows as dependents in the 1939 amendments, before monthly benefits were first paid. Providing protection by supplementing the worker's benefit reflected the social, economic and demographic patterns of the time and addressed the needs of families, which were typically composed of a husband with a full-time job, a wife who worked mainly in the home, and their children. Over the years benefits have been added to the original program for various categories of women, and benefit amounts have been substantially increased not only for the beneficiary population as a whole, but also for widows specifically.

In recent years, however, there have been concerns that certain categories of women, such as widows and divorced women, do not receive adequate benefits in certain circumstances, that the Social Security program is not as responsive and equitable as it might be in addressing the needs of women today, and that the system is based on assumptions regarding family structure and lifestyle which no longer reflect current demographic and socioeconomic realities.

While these concerns have generated interest in modifying the Social Security program, there has yet to develop agreement on a specific approach. One of the approaches that has been proposed involves the earnings sharing idea. In general, earnings sharing is based on the concept of marriage as an equal economic partnership and provides that a married couple would share equally any earnings credited for Social Security purposes during years of marriage. Social Security benefit amounts would be based on each individual's earnings in years in which he or she was not married plus shared earnings credits for years of marriage.

The earnings sharing approach was considered by the 1979 Social Security Advisory Council, the 1980 National Commission on Social Security and the 1980 President's Commission on Pension Policy. 4/ Although these groups expressed interest in the earnings sharing approach as a concept, none endorsed a specific earnings sharing proposal since it was felt that not enough analysis had been completed.

4/ See Appendix B for a more comprehensive discussion of the history of the consideration of earnings sharing.

While earnings sharing would provide increased benefits for certain groups of men and women, it would result in reduced benefits for other groups of men and women. Efforts to avoid these reductions, generally through inclusion of guarantees for groups thought to be particularly vulnerable, not only result in high costs but may compromise the earnings sharing ideal of marriage as an equal economic partnership. These factors have been the major reasons in preventing the successful translation of the principles of earnings sharing into a comprehensive plan that would mesh well with the current Social Security system.

OVERVIEW OF REPORT

The current study moves beyond the theoretical consideration of earnings sharing that has gone before to a comprehensive analysis of the complexities that would be involved in developing and implementing a workable earnings sharing plan.

This analysis includes the following:

- an analysis of the impact of a range of earnings sharing plans on various categories of beneficiaries,
- a description of possible transitions from the Social Security program as currently structured to a system based on sharing earnings,
- a cost analysis of each of the earnings sharing plans,
- a discussion of the administrative impact of implementing an earnings sharing system, and
- a discussion of incremental options that would improve present law Social Security protection for women retiring in the near future.

This information is provided as follows:

Chapter I describes how various categories of women fare under the present Social Security program, presents the issues most often raised by those who advocate changes in the way women are treated under Social Security and shows findings of a private contractor concerning how nongovernmental interest groups view these issues.

Chapter II discusses the concept of earnings sharing, sets standards for evaluation of earnings sharing plans, gives an overview of the structure of the microsimulation models used in this report to analyze the effects of earnings sharing, and provides a brief explanation of the transitional provisions used in the report. This chapter is intended to provide a basic framework for understanding the material presented in following chapters regarding the distributional impact of the various plans. More detailed discussion of microsimulation methodology, assumptions and results and a full explanation of how the transitions were developed are presented later in the report.

Chapter III introduces a "generic" earnings sharing plan under which earnings would be split for each year of marriage with the total earnings during years of marriage transferred to the survivor upon the death of one member of the couple. The generic earnings sharing plan is analyzed with regard to its distributional impact as well as its success in meeting the standards outlined in Chapter II.

Chapter IV describes two earnings sharing plans which represent modifications that could be made to the generic earnings sharing plan to enhance benefits for certain categories of beneficiaries and analyzes these variations with respect to distributional impact. The success of these modifications in meeting the standards outlined in Chapter II is also examined.

Chapter V describes the need for a transition to earnings sharing and provides details of two transitions used for this report.

Chapter VI discusses the administrative impact that implementing an earnings sharing system would have on present workloads, computer systems capabilities, claims development, field office requirements, etc.

Chapter VII presents for consideration a number of incremental options for addressing the issues raised concerning women who will be eligible for Social Security retirement benefits in the near future and therefore would not be affected by earnings sharing plans.

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EXECUTIVE SUMMARY

REPORT ON EARNINGS SHARING IMPLEMENTATION STUDY

For the purposes of this report, section 343(c) of P.L. 98-21 defines earnings sharing as proposals in which "the combined earnings of a husband and wife during the period of their marriage shall be divided equally and shared between them for social security benefit purposes." The philosophy behind the earnings sharing idea is based on the community property principle. The basic idea is that marriage is an equal economic partnership and that assets accumulated during marriage--including Social Security earnings credits--should be divided equally between spouses, regardless of how they choose to allocate homemaking and breadwinning responsibilities. In its simplest form, earnings sharing would:

- credit each spouse with half of a couple's total covered earnings for each year of marriage, and

- replace the current benefits of workers and spouses (or surviving spouses) with benefits for each spouse based on his or her own earnings record, including all covered earnings from years that the individual was not married and shared earnings from years that the individual was married.

While earnings sharing would provide increased benefits for certain groups of men and women, it would result in reduced benefits for other groups of men and women. These reductions could be offset partially or entirely through inclusion of guarantees for certain groups. However, each such guarantee carries a cost, and some may compromise the earnings sharing ideal of marriage as an equal economic partnership.

ISSUES

Although Social Security is gender neutral, some people perceive problems with the way women are treated under the program. There have been well-documented changes in demographic, economic and social trends affecting American families that have contributed to questions about how women are treated under Social Security, notably the increasing labor force participation rates of women, especially married women, and the greater likelihood of divorce. Also, the income of elderly women, particularly widows, remains lower than the income of elderly men or couples. There is general agreement that elderly widows are much less well off than elderly couples and somewhat less well off than unmarried elderly men.

The following issues are raised often in testimony before the Congress by interest groups and individuals concerned with the way women are treated under the present Social Security program:

- As the labor force participation rate of married women has increased, more women have become eligible for worker's benefits along with the benefits payable to them as spouses. Under present law, a person entitled to both a worker's and an auxiliary benefit cannot get both benefits in full but gets the worker's benefit plus the amount, if any, by which the auxiliary benefit exceeds the worker's benefit. Because benefits cannot be added together, one issue often raised is that the worker's benefits of married women duplicate, rather than add to, their benefits as spouses. This issue is sometimes presented as concern that working women are not getting a fair return on the Social Security taxes they pay because they may get no more, or only slightly more, than they would get as spouses if they had not worked.

- Another issue raised is that higher total benefits are paid to couples in which only one spouse worked for pay than to couples with the same total earnings in which both worked for pay. This difference occurs because spouse's or widow's benefits are provided for spouses who had little or no attachment to the paid labor force.

- Women retired workers generally receive lower Social Security benefits than men because women generally receive lower wages than men and because of the intermittent working patterns of many married women.

- The 50-percent divorced spouse's benefit is often criticized as not being enough for a person who is living alone. The average Social Security benefit for women receiving only a divorced spouse's benefit upon entering retirement in 1981-1982 was $238 per month.

- Aged widows tend to be much less financially secure than elderly unmarried men, or elderly couples, and they are more dependent on Social Security for support. Median income of aged widows is 78 percent of that of elderly nonmarried men and 37 percent of the median for elderly couples. In 1982, 20 percent of unmarried beneficiary women age 65 and over received 100 percent of their income from Social Security, compared to 17 percent of unmarried beneficiary men age 65 and over, and 9 percent of married couples age 65 and over.

- Women who have been primarily homemakers may lack an immediate source of income if they are widowed prior to age 60 and do not have children under age 16 or if their Social Security benefit eligibility ends because their youngest child reaches age 16 before they reach age 60. This is referred to as the "widow's gap." In 1983, of the 2 million widows under age 60, 1.25 million could not qualify for Social Security benefits because they were not caring for a child under age 16.

For purposes of analysis, the issues can be restated as positive objectives and used as standards of evaluation to determine how well the earnings sharing plans discussed in this report would address the concerns raised by interest groups and individuals advocating changes in the way women are treated under Social Security. These standards of evaluation are:

- equalize benefits for one- and two-earner couples with the same total earnings,
- equalize benefits for survivors of couples with the same total earnings,
- take account of time spent out of the paid labor force for childcare and/or homemaking responsibilities,
- increase protection for divorced women,
- increase protection for widows, and
- expand protection to provide disability benefits for homemakers and to address the "widow's gap."

It must be emphasized that these standards are analytical tools only and should not be interpreted as either recommendations by the administration or as acknowledgment that the current Social Security program needs modification. Not all advocates of change would give equal weight to each of these standards.

In order to document the criticisms of the treatment of women under present law, a private contractor, the Research Triangle Institute (RTI), conducted a study of a sample of nongovernmental interest groups that could reasonably be expected to be concerned with the treatment of women under Social Security. The groups included those representing the interests of different groups of women, the aged and retired, major social and ethnic groups, children and families, employers, employees and so on. Based on the analysis of information gathered from the published statements of these groups, current statements of opinion and in-depth interviews with a small number of interest groups, RTI concluded that:

> The one issue that appears to emerge most clearly is a concern for adequacy of benefits, particularly for the divorced, widowed, and/or disabled homemaker, but most especially for widows. This theme appeared with far greater frequency than perceived concerns for equity in all three sets of information sources. If there is a consensus among the organizations, regardless of the source of the information, it is concern for older women living in poverty.

APPROACHES TO IMPLEMENTING THE IDEA OF EARNINGS SHARING

To provide time to revise the Social Security system to take account of shared earnings in all the plans that are discussed in the report, sharing of earnings between married couples would not begin until the 5th year after enactment of enabling legislation (with benefits based on shared earnings beginning 10 years after enactment). Thus, all of the earnings sharing plans discussed would be prospective.

Because earnings sharing generally would result in increased benefits for the lower earner in a couple and in decreased benefits for the higher earner, applying earnings sharing retrospectively (i.e., splitting earnings for past years) would result in lower benefits than had been expected, sometimes significantly lower, for many people retiring shortly after retrospective earnings sharing was implemented. Thus, many people who had planned for retirement in the expectation of receiving a certain level of Social Security benefits would not have sufficient time to rearrange their plans. Strong objections could be expected, especially if the reduction in benefits were caused by a divorce that occurred before earnings sharing was implemented. In addition, a change from the current Social Security system to an earnings sharing system on a retrospective basis would be extremely difficult administratively because: (1) there is no comprehensive system of marriage/divorce records on which to base the division of earnings for prior periods, and (2) the volume of information needed would make it impractical to construct such a system at the point of implementation.

Because earnings sharing would result in benefit reductions for major groups of beneficiaries, transitional provisions would be necessary. Two transitions were developed for the report as a means of phasing in earnings sharing.

- Transition I would be relatively generous and would not fully phase out for 80 to 100 years.
- Transition II would protect fewer people and would phase out more quickly.

The distributional effects of the varicus earnings sharing plans and the cost of the plans are heavily influenced by the transitional provisions. Even in 2030, many people, especially those in the older cohorts, would still be receiving transition benefits because such benefits would be higher than the earnings sharing benefits for which they would qualify. For example, under transition I, about 50 percent of widows in 2030 would be receiving transition benefits rather than earnings sharing benefits.

In order to determine the effects of an earnings sharing plan, one needs to look at the beneficiary population at some point in the future when earnings sharing would have been in effect for long enough to have had a significant impact on benefit levels. We chose to look at the beneficiary population in 2030 because, assuming that earnings sharing legislation were effective in 1990, it would be 2030 when the first group of people retired with 40 years under earnings sharing. A sample population reflecting the kinds of earnings and marital experience that may prevail in 2030 was created through computer simulation. This population was used to analyze the distributional efffects of the various plans.

The computer models used the Alternative II-B assumptions of the Social Security Trustees Report as a basis for simulating future demographic and economic conditions. The costs of the various earnings sharing plans were estimated using these same assumptions. The costs are expressed using the measurement generally used for purposes of estimating Social Security long-range costs--"percent of taxable payroll." The cost of a proposed change expressed as a percentage of taxable payroll indicates the change in the average annual combined employer-employee payroll tax rate that would be required over the usual 75-year estimating period to pay for the change.

Generic Earnings Sharing Plan

In its simplest form, earnings sharing would eliminate the current system of benefits for workers and spouses (or surviving spouses) and instead credit each spouse with half of a couple's total covered earnings for each year of marriage. Each spouse and surviving spouse would receive Social Security worker's benefits based on his or her own earnings record, which would include all covered earnings from years that the individual was not married, and shared earnings from years that the individual was married. The application of the equal partnership principle to the earnings credits of a married couple would have the practical effect of increasing the Social Security benefits to one partner while decreasing benefits to the other.

In general, the generic plan would equalize benefits for one- and two-earner couples with the same total covered earnings and the same years of marriage. In 2030, under transition I, about 37 percent of aged couples in which both spouses are receiving benefits would get higher benefits and about 44 percent would get lower benefits. Couples in which one spouse would receive a present law spouse's benefit are more likely to lose benefits than couples in which both spouses would receive only worker's benefits under present law. Couples with the highest present law benefits would be more likely to get increased benefits than couples with the lowest present law benefits. Forty-six percent of couples in the highest quartile would get increases compared to 29 percent in the lowest quartile. The plan would increase benefits for 84 percent of married women and decrease benefits for 86 percent of married men.

In 2030, under transition I, the generic plan would increase benefits for 73 percent of divorced women entitled only to worker's benefits and 69 percent of divorced women entitled to partial spouse's benefits. Sixty-five percent of divorced women entitled to survivor's benefits (including those also entitled to worker's benefits), would have no change in benefits, largely due to the transitional guarantee. The remaining 35 percent of divorced women entitled to survivor's benefits would be almost equally divided between winners and losers. Sixty-six percent of divorced men would get lower benefits under the plan.

The generic earnings sharing plan includes a major provision to offset reductions in benefits for survivors compared to present law; this feature would allow a surviving spouse or surviving divorced spouse to inherit the total amount of the deceased spouse's covered annual earnings for each year of marriage and to add this amount to his or her own earnings. Although the generic plan would thus increase benefits for some survivors, it also would result in lower benefits for other survivors.
Sixty-two percent of widows would have no change in 2030 under transition I largely because of the transitional guarantee, however, best estimates are that, after the transition would phase out, about 50 percent of surviving spouses would get higher benefits and about 40 percent of surviving spouses would get lower benefits. Widows with the lowest present law benefits would be the most likely to get increased benefits, while those with the highest present law benefits would be the most likely to get

decreased benefits. There are several reasons why widows could get lower benefits. One of the main reasons that widows would lose is that many of the advantageous computation procedures available to survivors under present law would no longer apply. In addition, many widows would lose some years of earnings because inheritance would be limited to years of marriage, while present law widow's benefits are based on the deceased spouse's entire earnings record. Further, the generic plan, because it would eliminate the widow(er)'s benefit payable at age 60 under present law, would exacerbate the issue of the "widow's gap."

Although the generic earnings sharing plan would expand coverage for disabled homemakers and their families, such expansion would be accompanied by a reduction in benefits for male disabled workers and their families. Likewise, although the generic plan would increase benefits for children entitled to benefits on their mothers' records, it would result in reduced benefits for children entitled on their fathers' records. (At the end of 1982, five times as many children were entitled to benefits based on their fathers' records as on their mothers' records.)

The transitional provisions would have a large influence on the cost of the generic earnings sharing plan as shown below:

- Transition I--the generic earnings sharing plan would have a long-range net cost of 0.35 percent of taxable payroll, or about $5.6 billion per year, in terms of the 1984 taxable payroll.
- Transition II--the generic plan would have a long-range net saving of 0.04 percent of taxable payroll, or about $0.6 billion per year, in terms of the 1984 taxable payroll.

Modified Generic Plan

The modified generic plan adds to the generic plan some protections for certain groups and modifies the generic plan for intact married couples when only one spouse has claimed benefits.

The major differences between this plan and the generic plan are:

- Earnings would not be shared until both spouses claimed benefits. This would assure that present law benefit levels would be maintained when the higher or sole earner retired first (assuming no previous marriages). However, earnings would be shared when one spouse claims disability benefits if a higher benefit amount would result from sharing. Thus, disability protection would be available to homemakers, but disability protection would not be reduced if the higher or sole earner was the spouse who became disabled.

- Benefits would be paid to spouses who were caring for children. These benefits would not be paid under the generic plan.
- An adjustment benefit would be paid for up to 2 years to a person widowed before age 62.
- A special minimum childcare benefit provision was included. This added benefit would provide higher benefits than the regular computation for long-term, low-paid workers and would allow credit for up to 10 years of childcare.

The distributional effects of the modified generic plan are very similar to the generic plan. The modified generic plan would provide equal treatment for one- and two-earner couples with the same total earnings and years of marriage regardless of how paid work and homemaking responsibilities were divided. Like the generic plan, it would result in increased benefits for some widows and divorced spouses and lower benefits for some others. The special minimum childcare provision, which was added to this earnings sharing plan, would increase benefits for people who had low lifetime earnings. Approximately 20 percent of couples and 15 percent of divorced women would receive higher benefits as a result of the special minimum childcare benefit provision in 2030 under transition I. However, the changes included in the modified plan would not overcome the effect of short marriages in causing the reductions that would occur under generic earnings sharing in widow's benefits or reduce the losses to one-earner couples who had average, or relatively good, earnings histories.

The adjustment benefit for widows under age 62 which is added under this plan would avoid exacerbating the issue of the "widow's gap." This benefit would provide widows with the same number of years of benefits as under present law (while the generic plan would reduce that number by two). In addition, the adjustment benefit would allow more flexibility than present law, because the benefit could be taken at any time prior to age 62, whereas widow's benefits are not available prior to age 60 under present law.

The changes made under the modified generic plan would result in a higher long-range cost for this plan compared to the generic plan:

- Transition I--The modified generic plan would have a long-range net cost of 0.73 percent of taxable payroll (or about $11.7 billion per year, in terms of 1984 taxable payroll) compared to 0.35 percent of taxable payroll for the generic plan.

- Transition II--The modified generic plan would have a long-range net cost of 0.39 percent of taxable payroll (or about $6.3 billion per year, in terms of 1984 taxable payroll) compared to a saving of 0.04 percent of taxable payroll for the generic plan.

No-Reduction Earnings Sharing

The other variation of earnings sharing considered is a plan that would result in no reductions in benefits compared to present law (the so-called "no-loser plan"). It is identical with the generic earnings sharing plan, but it includes a guarantee of present law benefit levels if such benefits would exceed the earnings sharing benefit for any given person.

The no-loser earnings sharing plan would have the same effects as the generic plan with respect to increased benefits. However, people who would have received lower-than-present law benefits under the generic plan would have no change in benefits under the no-loser plan. The no-loser plan would be the most expensive of the earnings sharing plans analyzed in this report with a long-range cost of 1 percent of taxable payroll (or about $16.0 billion per year in terms of 1984 taxable payroll).

An important conclusion to be drawn from the analysis of the no-loser earnings sharing plan is that the plan would not equalize benefits for one- and two-earner couples with the same total earnings as would the other plans analyzed. Because of the present law guarantee, the no-loser plan would exacerbate the disparity in benefit levels between one- and two-earner couples, because all one-earner couples would get increased benefits under the plan, but many two-earner couples would get the same benefits as under present law. (It is not possible to devise an earnings sharing plan that would raise benefits for two-earner couples to the level of one-earner couples under a system that includes a weighted benefit formula. In order to achieve this result, a mechanism other than earnings sharing would have to be used.)

Winners and Losers Among Married Couples[a] in 2030 Under Various Earnings Sharing Plans

	Generic Earnings Sharing			Modified Generic		No
	Mature b/	Trans. I	Trans. II	Trans. I	Trans. II	Loser
% With No Change c/	13%	19%	19%	16%	16%	15%
% With Increases	40%	37%	35%	50%	49%	85%
Average Present Law Benefit d/	$17,180	$17,452	$17,559	$16,299	$16,326	$16,974
% Change	8%	6%	6%	7%	7%	10%
% With Decreases	47%	44%	46%	34%	35%	0%
Average Present Law Benefit	$16,647	$16,761	$16,785	$17,774	$17,749	--
% Change	-7%	-6%	-7%	-5%	-6%	--

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a/ Includes only couples with at least one spouse age 62 or over and in which both spouses are receiving benefits.

b/ The mature plan is the generic plan in 2030, assuming all beneficiaries would have had the opportunity to share benefits over their entire working and married lifetimes.

c/ No change in benefits is defined as benefits within 1 percent of present law. Benefits that change by more than 1 percent relative to present law are classified as either increases or decreases.

d/ Benefit amounts are shown in 1984 dollars.

Winners and Losers Among Widowed Persons Age 62 and Over in 2030 Under Various Earnings Sharing Plans

	Generic Earnings Sharing			Modified Generic		No
	Mature a/	Trans. I	Trans. II	Trans. I	Trans. II	Loser
Widows						
% With No Change b/	8%	62%	13%	59%	11%	75%
% With Increases	48%	25%	25%	25%	27%	25%
Average Present Law Benefit c/	$ 8,159	$ 8,596	$ 8,596	$ 8,266	$ 8,266	$8,591
% Change	21%	17%	17%	18%	18%	17%
% With Decreases	44%	13%	62%	13%	62%	0%
Average Present Law Benefit	$10,822	$10,464	$10,071	$10,520	$10,116	--
% Change	-19%	-26%	-25%	-25%	-25%	--
Widowers						
% With No Change	14%	28%	28%	27%	26%	36%
% With Increases	72%	64%	64%	65%	65%	64%
Average Present Law Benefit	$ 9,564	$ 9,635	$ 9,635	$ 9,588	$ 9,588	$9,621
% Change	11%	8%	8%	9%	9%	8%
% With Decreases	14%	8%	10%	8%	9%	0%
Average Present Law Benefit	$10,162	$10,365	$ 9,945	$10,429	$10,077	--
% Change	-11%	-9%	-10%	-8%	-9%	--

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a/ The mature plan is the generic plan in 2030, assuming all beneficiaries would have had the opportunity to share benefits over their entire working and married lifetimes.

b/ No change in benefits is defined as benefits within 1 percent of present law. Benefits that change by more than 1 percent relative to present law are classified as either increases or decreases.

c/ Benefit amounts are shown in 1984 dollars.

Winners and Losers Among Divorced Persons Age 62 and Over in 2030 Under Various Earnings Sharing Plans

	Generic Earnings Sharing			Modified Generic		No Loser
	Mature a/	Trans. I	Trans. II	Trans. I	Trans. II	
Divorced Women						
% With No Change b/	6%	38%	14%	35%	11%	50%
% With Increases	67%	50%	50%	54%	54%	50%
Average Present Law Benefit c/	$ 6,750	$ 6,668	$ 6,668	$ 6,534	$ 6,534	$6,668
% Change	22%	17%	17%	19%	19%	17%
% With Decreases	27%	12%	36%	11%	34%	0%
Average Present Law Benefit	$ 9,896	$ 9,216	$ 9,248	$ 9,583	$ 9,436	--
% Change	-20%	-19%	-28%	-20%	-28%	--
Divorced Men						
% With No Change	10%	15%	14%	14%	13%	81%
% With Increases	22%	19%	19%	23%	23%	19%
Average Present Law Benefit	$ 7,969	$ 8,092	$ 8,092	$ 7,730	$ 7,730	$8,092
% Change	10%	8%	8%	9%	9%	8%
% With Decreases	69%	66%	67%	63%	64%	0%
Average Present Law Benefit	$10,319	$10,407	$10,333	$10,567	$10,846	--
% Change	-12%	-10%	-10%	-9%	-10%	--

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a/ The mature plan is the generic plan in 2030, assuming all beneficiaries would have had the opportunity to share benefits over their entire working and married lifetimes.

b/ No change in benefits is defined as benefits within 1 percent of present law. Benefits that change by more than 1 percent relative to present law are classified as either increases or decreases.

c/ Benefit amounts are shown in 1984 dollars.

TRANSITIONS TO EARNINGS SHARING

Two transitions were developed to phase in earnings sharing. The transitions were designed with two purposes: (1) to protect groups that would get lower benefits than under present law because earnings sharing would be limited to years after 1989, and (2) to phase in the permanent changes in benefit levels that would occur under earnings sharing due to the elimination of auxiliary benefits for spouses and surviving spouses. Transition I would be relatively generous and would not fully phase out for 80 to 100 years. Transition II would protect fewer people and would phase out more quickly.

Transition I:

- o The transition would protect survivors and divorced persons whose marriages began before 1990 by providing them a permanent guarantee of full present law auxiliary benefits. Otherwise these groups would get significantly lower benefits than under present law because: (1) in the absence of a guarantee spouse's and surviving spouse's benefits would no longer be paid under earnings sharing, and (2) spouses would not have a full worklife of shared earnings because earnings would not be shared for years of marriage before 1990.

- The transition would provide workers a present law guarantee that would decline by 1 percent per year over a 35-year period.

- The declining present law guarantee would no longer be available for people becoming eligible for benefits after 2030. It is likely that the earnings sharing benefit would exceed this guarantee for nearly everyone becoming eligible for benefits after that date. Also, those eligible for retirement benefits after 2030 would have been no older than 16 when earnings sharing was implemented and, thus, in most cases, would not have had covered earnings prior to that time.

Transition II:

This transition would be less costly than transition I because it would be of shorter duration and would have fewer guarantees.

- The protection provided under this transition would be limited to spouses, surviving spouses (and divorced spouses and surviving divorced spouses), who would otherwise get lower benefits under earnings sharing because earnings sharing would be limited to years after 1989 and because auxiliary benefits would be eliminated under an earnings sharing plan. No special transitional provisions would be included for workers.

- Present law benefits for spouses (and divorced spouses) would be phased out over a 15-year period.

- The phaseout period for surviving spouse's (and surviving divorced spouses) benefits would be 25 years--10 years longer than that for spouse's benefits. This advantage for survivors was included to take account of the fact that widows are generally thought to rely more heavily on their Social Security benefits for support than do spouses and therefore would be in greater need of transitional protection.

Both the distributional effects of earnings sharing and the cost of earnings sharing depend on the particular transition chosen. The following table provides information on the cost difference between transition I and transition II by comparing the costs of the generic and modified generic earnings sharing plans, with and without transitions.

Cost

The table below shows the long-range net cost as a percent of taxable payroll of two earnings sharing plans with and without transitons. Net cost is defined as additional cost during the specified period minus the additional income due to the taxation of benefits provision during the same period. These figures show the change in present law costs. (The total cost of present law over the period 1984-2058 under the 1984 Trustees Report Alternative II B assumptions would be 12.84 percent of taxable payroll.)

Long-Range Net Cost of Two Earnings Sharing Plans With and Without Transitons
(shown as a percent of taxable payroll)

Generic Earnings Sharing Plan	1984-2008	2009-2033	2034-2058	Total 1984-2058
No Transition	-0.08%	-0.15%	-0.11%	-0.11%
Transition I	0.07	0.38	0.60	0.35
Transition II	-0.02	-0.06	-0.02	-0.04
Modified Generic Earnings Sharing Plan				
No Transition	0.00%	0.26%	0.60%	0.29%
Transition I	0.10	0.75	1.34	0.73
Transition II	0.03	0.37	0.76	0.39

ADMINISTRATIVE IMPACT OF EARNINGS SHARING

In general, the implementation of earnings sharing would require both the establishment of new operational procedures and expansion of current operational procedures; that is, it would require collection, verification and recordkeeping procedures that heretofore have been unnecessary, and it would increase the size and complexity of almost all the procedures the Social Security Administration (SSA) now performs.

A final and comprehensive assessment of administrative impact could not be completed unless policy decisions were made defining a specific earnings sharing plan for legislative consideration. It is clear, however, that the administrative impact of any major earnings sharing proposal would be of such major significance that consideration of administrative effects must be an important part of the legislative policymaking process.

Two administrative considerations are of paramount importance in assessing the feasibility of earnings sharing implementation:

- First, any earnings sharing plan would require that a suitable system be developed for obtaining, verifying and recording on an ongoing basis the marital history of all workers in covered employment and their spouses. Without such a comprehensive record, it is questionable whether earnings sharing could be applied evenly and equitably.

  - Establishing and maintaining this kind of system could raise questions about the privacy rights of individuals and could raise States' rights and/or constitutional issues as well.
  - It is estimated that it would cost $150 million to establish a marital information data base and that it would cost a minimum of $10 million a year to maintain this base.

- Assuming that the problem of getting marital information could be overcome, successful implementation of earnings sharing would require that the legislation provide sufficient leadtime for SSA to develop an automated system to pay claims based on earnings sharing.
  - Once the details of an earnings sharing plan were known, it is estimated that a minimum 5-year leadtime would be necessary to develop such a system. (A longer leadtime might be required depending on the complexity of the plan and the transitional provisions.)
  - If a large percentage of the workload were automated prior to implementation of earnings sharing, the number of cases remaining to be processed manually would be substantially greater than under present law.
  - The added complexity of earnings sharing computations would increase the time needed to process claims as compared to what is needed to process claims under present law.
  - Even assuming that a fully automated system were in place, processing only initial claims under earnings sharing would increase administrative costs by at least 4 percent a year over projected present law levels and could result in staffing increases of at least 4 percent. (These estimates do not take into account other massive SSA operations, such as postentitlement actions and annual wage reporting, which could involve costs of similar magnitude.)
  - Additional resources would be needed to handle the increased workload, and training programs would need to be set up to teach both new and current employees to compute earnings sharing benefits accurately.

OTHER APPROACHES TO ISSUES

A number of options, narrower in scope than full-scale earnings sharing, have also been suggested over the years as ways to improve Social Security protection for women. Many of the options come directly from legislation introduced in the Congress over the last 15 years; some are variations on such proposals. Others were discussed in previous reports released by this Department. The list of incremental options presented is not meant to be all-inclusive. Rather, these ideas are simply representative of the kinds of proposals that could be developed to address the issues. One or more of these changes could be adopted either as:

- an interim step to assist women who will be eligible for retirement benefits in the near future and who therefore would not be affected by earnings sharing, or
- an alternative to the fundamental change of earnings sharing.

The following options are grouped according to the types of beneficiaries that would be primarily affected. Costs for all of the options are shown at the end of the summary.

Improve Protection for Widows

OPTION: **Use Deceased Spouse's Earnings to Compute a Worker's Benefit**

Under this option, benefits for a surviving spouse or surviving divorced spouse would be determined based on an earnings record derived from the survivor's own earnings plus certain earnings of the deceased spouse.

Under the primary option, a surviving spouse or surviving divorced spouse would be allowed to "inherit" 100 percent of his or her deceased spouse's earnings acquired during the years of marriage.

Under the alternative option, the surviving spouse's earnings would be combined with the entire earnings record of the deceased spouse (including earnings in years outside the marriage).

Both alternatives would include a guarantee of present law survivor's benefits. These present law benefits would be payable to the extent that they would exceed the survivor's own worker's benefit based on inherited or combined earnings.

OPTION: **Pay Surviving Spouse Two-Thirds of Combined Worker's/Survivor's Benefit**

A surviving spouse or a surviving divorced spouse would receive a benefit based on two-thirds of the combined worker's/survivor's benefit beginning the first month the survivor becomes entitled to both a worker's retirement or disability benefit and a widow(er)'s benefit. This benefit would be paid only if it exceeds the present law survivor's benefit.

OPTION: **Provide an Adjustment Benefit for Certain Widow(er)s**

This option would provide a temporary adjustment benefit for a worker's surviving spouse age 55-59 for a period not to exceed 6 months after the worker's death. The adjustment benefit would be equal to 71.5 percent of the deceased worker's basic benefit amount. The benefit would not be payable for any month in which the surviving spouse was eligible for a survivor's monthly benefit.

OPTION: **Pay 100 Percent of the Deceased Worker's Basic Benefit to Disabled Widow(er)s at Any Age**

Under this option, the benefit for disabled widow(er)s would be changed in two ways. First, widow(er)'s benefits based on a disability would be payable at any age before 65. Second, the benefit rate payable to disabled widow(er)s would be increased to 100 percent of the deceased worker's basic benefit amount.

OPTION: **Modify Eligibility Requirements for Widow(er)'s Disability Benefits**

The primary option would modify the requirements for widow(er)'s disability benefits by extending the present law 7-year period during which the survivor must become disabled in order to qualify for disabled widow(er)'s benefits. The period would be increased by 3 months for each quarter of coverage earned by the surviving spouse or surviving divorced spouse, beginning with the quarter the worker died. An alternative option would improve disability protection for widow(er)s by extending the 7-year period to 10 years.

OPTION: **Modify Definition of Disability for Widow(er)s**

This option would modify the definition of disability for widow(er)s by making it the same as the definition of disability used in determining the entitlement of workers to disability insurance benefits; i.e., nonmedical factors such as age, education and work experience would be considered in determining entitlement to benefits.

OPTION: **Include a Surviving Spouse's Own Delayed Retirement Credits in the Widow(er)'s Benefit**

This option would permit the amount of a worker's own delayed retirement credits to be added to the benefit he or she receives as a widow(er), thus providing increased benefits for some surviving spouses and surviving divorced spouses.

OPTION: **Increase Benefits for the Very Aged**

This option would provide a 10-percent benefit increase for people receiving benefits as workers, spouses or widow(er)s beginning with the month in which each beneficiary reaches age 85.

Improve Protection for Working Women

OPTION: **Modify Dual Entitlement Provisions**

The option would modify the dual entitlement provision so that the spouse's or surviving spouse's benefit would be offset at the rate of $1 for each $2 of the worker's benefit (rather than $1 for $1, as under present law). Thus, a spouse or surviving spouse would receive a full worker's benefit plus a larger benefit as a spouse than would be payable under present law. Also, some people who do not qualify for spouse's or surviving spouse's benefits under present law because their worker's benefits are greater would be able to receive auxiliary benefits under this option.

OPTION: **Provide a Working Spouse's Benefit**

Under this option, a working spouse's benefit would be payable to both members of a two-earner couple. The benefit for each spouse would be equal to 25 percent of the lower of the benefits payable to that spouse.

The working spouse's benefit would be payable to a person eligible for both a worker's retirement or disability benefit and a spouse's or surviving spouse's benefit (including a divorced spouse's or surviving divorced spouse's benefit). This includes not only people dually entitled to a worker's and a spouse's benefit but also people who, because the spouse's or surviving spouse's benefit is less than the worker's benefit, would be entitled to only a worker's benefit under present law.

OPTION: **Provide Childcare Dropout Years**

This option would provide increased benefits for workers who leave the work force for a year or more to care for a child by excluding from the computation of Social Security benefits up to 10 years in which the worker: (1) had a child of the worker (or of his or her spouse) under age 7 living with him or her, and (2) had no covered or noncovered earnings.

Under the primary option, as under present law in disability cases, childcare dropout years would be excluded from the computation after regular dropout years had been excluded. Thus, no special credit would be given for any childcare years that had already been excluded as regular dropout years.

In contrast, under an alternative option, the childcare dropout years would be excluded first so that regular dropout years plus the full number of years that qualify as childcare dropout years could always be excluded. Thus, the total number of dropout years could be greater than under the primary option.

Under either option, as under present law, dropout years could not reduce the number of years of earnings used in the benefit computation to less than two.

OPTION: **Provide Childcare Increment Years**

The amount of the childcare increment would be equal to 2 percent of the worker's monthly benefit (after adjustment for actuarial reduction or delayed retirement credits) for each qualifying year. A worker would qualify for a childcare year if: (1) a child of the worker (or of his or her spouse) under the age of 7 lived with the worker substantially throughout the year, and (2) the worker had no covered or noncovered earnings during the year. No more than 10 years could be counted as childcare increment years.

OPTION: **Provide Childcare Credits in Calculating the Special Minimum Benefit**

There is a special minimum benefit provision under present law to provide benefits for long-service, low-wage workers; this special minimum benefit is paid only if it exceeds the worker's benefit the person would receive under the regular computation procedures. The amount of the special minimum benefit is based on a benefit table in the law; for monthly benefits payable after

December 1984, the special minimum benefit is approximately equal to $18.47 multiplied by the number of a person's years of coverage under Social Security in excess of 10 years and up to a maximum of 30 years.

The primary option would change the special minimum provision by: (1) increasing the number of years of coverage countable toward a special minimum benefit from 30 to 35 years, and (2) allowing up to 10 years of childcare to count toward the years of coverage. As under present law, the special minimum benefit would be automatically adjusted to prices and would phase out over time.

An alternative option would be the same as the primary option except that it would not phase out over time. A phaseout would be prevented by providing that the benefit would be adjusted to wage increases up to the year of benefit eligibility or death; the benefit would be adjusted to price increases thereafter. This is essentially the way basic Social Security benefits are maintained at a constant level in relation to changes in the economy. Such a modification would assure that the protection afforded by the childcare credit special minimum would not diminish over time. (This wage adjustment feature is included in the special minimum childcare credit provision in the Technical Committee's earnings sharing plan, discussed in Chapter IV.)

OPTION: **Modify Disability Insured Status Requirements**

Under the option, a disability insured status freeze would be provided for years in which a worker had no earnings in covered or noncovered employment and was caring for his or her child (or a spouse's) under age 7. The effect of this alternative would be to disregard childcare years in determining whether a person meets the insured status requirements for disability benefits.

Improve Protection for Divorced Women

OPTION: **Increase Divorced Spouse's Benefits**

This option would increase the benefit of a divorced spouse of a retired or disabled worker by 1 percent of the worker's basic benefit amount for each year of marriage in excess of 10 years up to a maximum increase of 25 percent of the basic benefit amount for marriages that lasted 35 years or longer.

OPTION: **Reduce the 10-Year Duration-of-Marriage Requirement**

This option would reduce from 10 years to 5 the duration-of-marriage requirement needed to qualify for benefits as a divorced spouse (or surviving divorced spouse) so that additional divorced women could get Social Security benefits as auxiliaries.

OPTION: **Provide Divorced Workers with Additional Dropout Years for Nonwork Years**

This option would increase the retirement or disability benefit for some divorced workers (and the potential benefits for their survivors) by increasing the number of years of zero earnings that could be disregarded (i.e., dropped out) in the benefit computation. Divorced workers would be allowed 1 additional dropout year (up to a maximum of 5 additional dropout years) for each year of zero earnings after 1950 during any prior marriage that lasted 10 years or longer and ended in divorce.

OPTION: **Permit Voluntary Earnings Sharing as Part of a Divorce Settlement**

This option would provide that a couple's total earnings credits during each year of marriage could be evenly divided between the spouses as part of a divorce settlement. However, earnings could be shared only if sharing were requested by either spouse and only if the presiding judicial official granted the request. As an alternative to sharing for each year of marriage, the option could be structured to permit the judge or the divorcing couple to decide/agree to share for some years of marriage and not others.

Improve Protection for Homemakers

OPTION: **Provide Homemaker Credits**

In general, homemaker credit options would provide Social Security earnings credits for spouses based on the imputed dollar value of their unpaid homemaker services. The spouse's benefit and surviving spouse's benefit would be eliminated. The actual value of homemaker services for Social Security purposes and the method of financing the credits would have to be determined if a specific plan were developed. Homemaker credits would replace the current system of spouse's and surviving spouse's benefits because homemakers would acquire their own earnings credits--making it possible for them to receive benefits as workers in their own right.

OPTION: **Provide Disabled Spouse's Benefits**

This option would provide for the payment of benefits to disabled spouses and disabled divorced spouses of retired or disabled workers beginning at age 50. The disability protection provided for these disabled spouses would be similar to that provided under present law for disabled widow(er)s. The benefit amount payable to a disabled spouse between the ages of 50 and 62 would be equal to 37.5 percent of the worker's basic benefit amount. Medicare protection would be provided after 24 months of entitlement to disabled spouse's benefits.

LONG-RANGE COSTS

The following two tables show long-range net costs of the earnings sharing plans and the incremental options that were analyzed in this report. These estimates were prepared by SSA's Office of the Actuary.

TABLE 1

Long-Range Net Cost of Various Earnings Sharing Plans 1/
(shown as percent of taxable payroll)

	1984-2008	2009-2033	2034-2058	Total 1984-2058
Plans Using Transition I				
Generic Earnings Sharing Plan	0.07%	0.38%	0.60%	0.35%
Modified Generic Plan	0.10	0.75	1.34	0.73
No-Loser Plan	0.10%	0.97%	1.93%	1.00%
Plans Using Transition II				
Generic Earnings Sharing Plan	-0.02%	-0.06%	-0.02%	-0.04%
Modified Generic Plan	0.03	0.37	0.76	0.39

1/ Net cost is defined as the additional cost during the specified period minus the additional income due to the taxation of benefits provision during the same period. Estimates are based on 1984 Trustees Report, Alternative II-B assumptions.

TABLE 2

Long-Range Net Cost of Incremental Options [1]
(shown as percent of taxable payroll)

Option	Net Cost
INCREASE PROTECTION FOR WIDOWS	
A. Use Deceased Spouse's Earnings to Compute a Worker's Benefit	
-- Primary: Inherit for years of marriage only	0.42%
-- Alternative: Combine all years of earnings	0.54
B. Pay Surviving Spouse Two-Thirds of the Combined Worker's/Survivor's Benefit	0.42
C. Provide an Adjustment Benefit for Certain Widow(er)s	0.01
D. Pay 100 Percent of the Deceased Worker's Basic Benefit to Disabled Widow(er)s at Any Age	0.01
E. Modify Eligibility Requirements for Widow(er)'s Disability Benefits	
-- Primary: Extend 7-year requirement by 3 months for each quarter of coverage	[2]
-- Alternative: Extend 7-year requirement to 10 years	[2]
F. Modify Definition of Disability for Widow(er)s	0.01
G. Include a Surviving Spouse's Own Delayed Retirement Credits in the Widow(er)'s Benefit	0.02
H. Increase Benefits for the Very Aged	0.15

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[1] Long-range net cost is defined as the additional cost over the 75 years 1984-2058 minus the additional income due to the taxation of benefits provision over the same period. Estimates are based on 1984 Trustees Report, Alternative II-B assumptions.

[2] Less than 0.005 percent of taxable payroll.

Option	Net Cost
INCREASE PROTECTION FOR WORKING WOMEN	
I. Modify Dual Entitlement Provisions	1.29%
J. Provide a Working Spouse's Benefit	0.93
K. Provide Childcare Dropout Years	
-- Primary: Exclude childcare dropout years after regular dropout years	0.07
-- Alternative: Combine regular dropout years and childcare dropout years	0.16
L. Provide Childcare Increment Years	0.17
M. Provide Childcare Credits in Calculating the Special Minimum Benefit	
-- Primary: Price index special minimum benefit for years before eligibility or death	0.01
-- Alternative: Wage index special minimum benefit for years before eligibility or death	0.03
N. Modify Disability Insured Status Requirements	3/
INCREASE PROTECTION FOR DIVORCED WOMEN	
O. Increase Divorced Spouse's Benefits	3/
P. Reduce the 10-Year Duration-of-Marriage Requirement	0.06
Q. Provide Divorced Workers with Additional Dropout Years for Nonwork Years	0.03
R. Permit Voluntary Earnings Sharing as Part of a Divorce Settlement	4/
INCREASE PROTECTION FOR HOMEMAKERS	
S. Provide Homemaker Credits	4/
T. Provide Disabled Spouse's Benefits	0.02

3/ Less than 0.005 percent of taxable payroll.

4/ Costs cannot be estimated because of the nature of the option.

CHAPTER I
TREATMENT OF WOMEN UNDER SOCIAL SECURITY

HISTORICAL PERSPECTIVE

The original Social Security program, created by the Social Security Act of 1935, provided monthly benefits only for aged retired workers. The law made no provision for the payment of benefits to a worker's dependents or survivors.

The 1937-1938 Advisory Council on Social Security recommended that monthly benefits be paid to aged wives and widows. As the basis for recommending survivor benefits for widows, the Council cited: (1) the decline of the extended family as a source of support for aged women, and (2) the probability that women will outlive their husbands. As a basis for recommending benefits for wives, the Council stated in its report:

> The inadequacy of the benefit payable during the early years of the program is more marked where the benefit must support not only the annuitant himself but also his wife . . . . Payment of supplementary allowances to annuitants who have wives over 65 will increase the average benefit in such a manner as to meet the greatest social need with the minimum increase in cost.

In 1939, the Congress took account of the Advisory Council's recommendations and enacted legislation that provided wife's benefits equal to one-half of the worker's benefit and widow's benefits equal to three-fourths of the worker's benefit. In anticipation that most wives in the long run would work and get benefits based on their own earnings, the 1939 legislation also established the so-called "dual entitlement" provision that will be discussed at some length later in this chapter. This provision, under which a spouse's benefit is offset $1-for-$1 against that person's worker's benefit, is based on the idea that women who are eligible for benefits based on their own earnings cannot be considered completely dependent on their husbands' earnings for support and therefore should not receive a full wife's benefit in addition to their own worker's benefit. Using the same rationale, Congress extended the dual entitlement provision to surviving spouse's benefits as well.

Since 1939, benefits have been added for disabled widows, divorced wives and surviving divorced wives. In addition to general benefit increases, benefit rates for widows and disabled surviving spouses have been raised. For example, Under the 1939 legislation, widows could receive 75 percent of the deceased worker's basic benefit amount; this percentage was increased over and above general benefit increases to 82½ percent in 1961 and to 100 percent in 1972. [1] The recently enacted Social Security Amendments of 1983--P.L. 98-21--made further improvements in benefits for widows and divorced wives.

In addition, over the years, the provisions of the Social Security law that have treated men and women differently solely on the basis of gender have been changed to make them gender neutral. Currently, men and women are treated the same under Social Security in the sense that the same benefit amounts are payable to men and women under identical demographic and economic circumstances.

ISSUES

Although Social Security is gender neutral, some people perceive problems with the way women are treated under the program. There have been well-documented changes in demographic, economic and social trends affecting American families that have contributed to questions about how women are treated under Social Security, notably the increasing labor force participation rates of women, especially married women, and the greater likelihood of divorce. Also, income of elderly women, particularly widows, remains lower than the income of elderly men or couples. There is general agreement that elderly widows are much less well off than elderly couples and somewhat less well off than unmarried elderly men. For example, in 1982 the median total family incomes of unmarried aged women was $7,910--84 percent as high as that of aged unmarried men who had median total incomes of $9,370, and 48 percent as high as that of aged couples with median total incomes of $16,310. [2] The concerns engendered by lower income levels among widows are exacerbated by the gap between the life expectancy of men and women.

The following section contains a short discussion of how various types of women (married, divorced and widowed) fare under the present program and a short explanation of the issues most often raised by individuals and groups who advocate changes in the way women are treated under Social Security. The final section of this chapter contains a summary of a report prepared by Research Triangle Institute (RTI) under contract to the Social Security Administration (SSA). RTI analyzed public statements made by nongovernmental organizations concerning the way women are treated under Social Security and attempted to measure the relative importance of the various issues. (The complete report is contained in Appendix C.)

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[1] The widow(er) is, however, limited to the larger of 82½ percent of the deceased worker's basic benefit amount or the amount the spouse (or former spouse) would be receiving if still living.

[2] Susan Grad, Income of the Population 55 and Over 1982, Department of Health and Human Services, SSA Pub. No. 13-11871, March 1984, Table 10.

It should be noted again that the issues described in this report are those that have been cited by individuals and outside interest groups as their reasons for considering changes in Social Security, such as earnings sharing. No judgments have been made about the validity or relative importance of the issues. The issues are discussed in order to provide a framework for the analysis of earnings sharing. While some of the issues could, of course, be resolved in ways that do not involve changing the Social Security program--for example, by providing higher wages for women or by an expansion of means-tested programs--the mandate for this report limits its area of consideration to changes within the context of the Social Security program.

Also, it is important to understand that the analysis of the plans studied in this report focuses only on the Social Security program and does not consider interactions with means-tested programs such as supplemental security income (SSI) and food stamps. For example, to the extent that one of the earnings sharing plans might increase Social Security benefits for some low-income beneficiaries, the increased benefits might decrease SSI and food stamp benefits, thus reducing somewhat the overall cost to the government of the plan. Such interactions could also mean that the gains in Social Security benefits by these low-income beneficiaries overstate the improvement in their total income. Conversely, losses to Social Security beneficiaries could be overstated to the extent such people could become newly eligible for means-tested programs.

Married Women Workers

Married women are far more likely to work for pay outside the home today than they were in the very early years of the program. This trend is illustrated by increasing labor force participation rates for married women, and particularly by the sharp increases in the last few years. In 1940, only 16.7 percent of all married women were in the labor force; the labor force participation rate for married women was 41.4 percent in 1970 and 50.7 percent in 1980. By 1982, it had increased to 51.8 percent. 3/ The labor force participation rate for married women with children under age 6

3/ Data for 1940-1955, U.S. Bureau of the Census, Current Population Reports, Series P-50. Data beginning 1960, U.S. Bureau of Labor Statistics, Special Labor Force Reports.

increased from 18.6 percent in 1960 to 30.3 percent in 1970; by 1982 it had increased to 48.7 percent.[4]

Married women workers have protection under present law not available to married women who are entitled to only a spouse's benefit. Women workers have disability protection for themselves and survivor protection for their children. They can also claim their own retirement benefits before their husbands retire.

As the labor force participation rate of married women has increased, more women have become subject to the dual entitlement provision of the Social Security Act because they receive Social Security benefits based on their own earnings and also qualify for spouse's benefits equal to 50 percent of their husbands' basic benefits.[5] Under the dual entitlement provision, as noted earlier, a person who is entitled to two Social Security benefits cannot get both of them in full. As illustrated in the table below, a person entitled to both a worker's and an auxiliary benefit gets the worker's benefit plus the amount, if any, by which the auxiliary benefit exceeds the worker's benefit.

Benefits Under the Dual Entitlement Provision

	Benefit as--		(3)	
Person	(1) Spouse	(2) Worker	Spouse Benefit Exceeds Worker Benefit by--	Amount Paid (2) + (3)
A	$ 0	$100	$ 0	$100
B	25	75	0	75
C	50	50	0	50
D	100	25	75	100

In effect, the person receives an amount equal to the higher of the two benefits.[6] Because the benefits cannot be added together, one issue often raised is that the worker's benefits of married women duplicate, rather than add to, their benefits as spouses. 7/ Because of this method of computing benefits, many working women, as secondary earners, may get no higher, or only slightly higher, benefits as workers than they are entitled to as spouses. Thus, the issue concerning dual entitlement is often stated in terms of working women not getting a fair return on the Social Security taxes they pay. As seen in the following example, although person 2, as a secondary earner, is entitled to a worker's benefit of $258 based on her (or his) covered earnings, because of the dual entitlement provision she (or he) will actually receive $321--the worker's benefit plus the amount by which the spouse's benefit exceeds it--the same amount she (or he) would have received without ever working in covered employment and paying Social Security taxes. Some point out that this effect may present a work disincentive for some women which can have adverse implications for overall economic performance.

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[4] U.S. Bureau of Labor Statistics, Special Labor Force Reports No. 13.

[5] Although the dual entitlement provision applies equally to men and women, it is generally women who are secondary earners and thus feel the effect of the provision.

[6] Any person entitled to more than one auxiliary benefit receives only the higher benefit. For example, a child eligible for Social Security benefits based on the earnings records of both parents would receive only the higher benefit.

Couple C	Average Earnings	Benefits as: Worker	Benefits as: Spouse	Amount Paid
Person 1	$1,500	$642	$ 0	$ 642
Person 2	300	258	321	321
	$1,800			$ 963

Another issue raised is that higher total benefits are paid to couples in which only one spouse worked for pay than to couples with the same total covered earnings in which both worked for pay. This difference occurs because the 50-percent spouse's benefit is provided for spouses who had little or no attachment to the paid labor force. As the following table shows, although two couples (all of whom were age 62 in 1985) had total average indexed monthly earnings (AIME) 8/ of $1,800, couple A would receive $178 a month more than couple B in January 1985.

7/ See Appendix C for RTI's findings regarding the number and kinds of groups concerned about this or subsequent issues.

8/ A worker's Social Security benefit is based on his or her AIME. The AIME is determined by: (1) indexing (updating) nominal earnings based on changes in average wage levels in the economy, and (2) averaging a specified number of years (depending upon a person's date of birth) of highest indexed earnings. For example, 29 years are averaged for a person reaching age 62 in 1985. For 1991 and later, 35 years will be used in the averaging period.

Benefits for One- and Two-Earner Couples

	Average Earnings [a]	Full Benefit
Couple A		
Person 1	$1,800	$ 719
Person 2	0	359 [b]
Total	$1,800	$1,078
Couple B		
Person 1	$ 900	$ 450
Person 2	900	450
Total	$1,800	$ 900

a/ The AIME in 1985 of a lifetime maximum earner age 62 is $1,929.

b/ Spouse's benefit

The difference between one- and two-earner couples illustrated above is based on individual comparisons between couples with the same total earnings. This does not mean that today's one-earner couples as a group receive higher Social Security benefits than two-earner couples. When average benefits for one- and two-earner couples are considered, one-earner couples, as a group, receive the lowest average benefits, while couples in which the wife is dually entitled receive the highest average benefits. Couples retiring in 1980 and 1981 in which the wife received only a spouse's benefit had average benefits of $9,420 annually--compared to average benefits of $9,900 for couples in which the wife received only a worker's benefit and $10,140 for couples in which the wife was dually entitled. [9]

Another issue arises because women retired workers generally receive lower Social Security benefits than men. In 1983, the average benefit awarded to male retired workers was $497, while that awarded to female retired workers was $316. The disparity in total benefit amounts is greater between husbands and wives within couples than between unmarried men and women. For example, the average benefit in 1982 for unmarried women entering retirement was $420 compared to $460 for unmarried men. In contrast, couples

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9/ Unpublished data from the 1982 New Beneficiary Survey, Office of Research, Statistics, and International Policy (ORSIP), SSA.

in which both spouses were entitled to benefits had higher average total amounts ($815) but the difference between average amounts for husbands and wives was much greater, $285 for wives compared to $530 for husbands. 10/

There are several reasons why women workers get lower benefits. First, women generally receive lower wages than men, and thus have lower average earnings for Social Security purposes. A recent study done by the Rand Corporation under a Department of Health and Human Services contract shows that women earn, on average, 64 cents for every dollar earned by men. 11/ The Social Security benefit formula, which is weighted to provide a greater replacement of lost earnings for lower earners than for higher earners, offsets the wage differential between men and women to some extent but does not entirely compensate for the difference in wages between men and women. (Under the weighted Social Security benefit formula, a lower-paid earner receives a larger benefit in relation to prior earnings than does a higher-paid worker. This weighting of the benefit formula takes account of the fact that the lower-paid worker has less margin for reduction in income than does the worker with average or above average earnings and also has had less opportunity to supplement his or her benefits with private savings and investment income.)

Second, women often receive lower benefits than men because of the relationship between the intermittent working patterns of married women and the method of calculating Social Security benefits. Many women workers retiring now spent at least some part of their adult lives out of the paid labor force because of family responsibilities. However, the amount of the monthly Social Security benefit that a worker gets is determined by averaging earnings over the length of time he or she could reasonably have been expected to work in covered employment.

The Social Security benefit calculation involves averaging the worker's earnings over the period after 1950 (or age 21, if later) and up to age 62 or the time of disability or death, if earlier. While up to 5 years of low (or no) earnings are excluded in calculating the average earnings on which benefits are based, women who remained out of the labor force to raise children or keep house may have more than 5 years of zero earnings. As a result, some years of zero earnings are included in figuring their

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10/ Ibid.

11/ James P. Smith and Michael P. Ward, Women's Wages and Work in the Twentieth Century, the Rand Corporation; October 1984.

average earnings. 12/ The additional years of zero earnings serve to lower the average and thus the benefit based on it. For example, among married women claiming benefits in 1980-1981, 57 percent of those with no children received worker's benefits only--that is, their worker's benefits were higher than any auxiliary benefits they could have received based on their husbands' earnings. This percentage declined to 36 percent of those who had three or more children. 13/

Divorced Women

Social Security benefits are provided for a divorced woman based on her ex-husband's covered earnings only if the marriage lasted 10 years or more. The number of divorces has increased substantially since the early years of the program. Some 1.179 million divorces were granted in 1983--nearly 4.5 times the number of divorces granted in 1939 when the wife's benefit was first provided under the law. 14/ However, most women who divorce are not subject to the Social Security rules regarding benefits for divorced spouses, because many women who divorce remarry by the time they reach retirement age and receive benefits as spouses or surviving spouses based on their more recent marriages. For example, while 18 percent of women age 55-64 in 1980 had ever been divorced, only 7 percent of the women in this age group were currently divorced.

About 8 in 10 of the currently divorced older women meet the 10-year duration-of-marriage requirement. Divorced women who meet this test and whose ex-spouses are deceased receive benefits at the same rate as widows--up to 100 percent of the deceased worker's basic benefit amount. For those women whose ex-spouses are alive, the benefit amount (50 percent of the worker's basic

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12/ In disability cases, the number of years dropped from the computation can vary between 0 and 5, with the number depending on the age of the worker at disability. A younger disabled worker can also receive an additional dropout year for a year in which he or she had no earnings and had a child under age 3 living with him or her.

13/ Unpublished data, 1982 New Beneficiary Survey, ORSIP, SSA.

14/ National Center for Health Statistics, Monthly Vital Statistics Report, Vol. 32 No. 12, Births, Marriages, Divorces and Deaths for 1983, March 26, 1984.

benefit amount) is the same as that which is provided for wives. In 1983, the average benefit for a newly retired divorced wife who did not receive any benefit as a retired worker was $238 a month. Very few women actually receive just a divorced spouse's benefit. Of all women entering retirement in 1980-1981, only one-half of 1 percent received these benefits alone. 15/

The main reason very few women receive only the divorced spouse's benefit is that most women who remain divorced at retirement have worked enough to establish substantial work records. Of divorced women entering retirement in 1980-1981, the large majority (66 percent) received only retired worker benefits based on their own earnings because their worker's benefits exceeded any benefits that they might be due as divorced spouses. Their worker's benefits averaged $405 a month or about 87 percent of the average benefits of divorced men. 16/ (Very few divorced women (8 percent) are dually entitled to retired worker benefits and auxiliary benefits as spouses or surviving spouses.)

Widows

Women account for three in five persons age 65 and over; and 50 percent of them are widows, compared to 40 percent who are married. (The other 10 percent are either divorced or never married.) Only 13 percent of men over 65 are widowers, compared to 79 percent who are married. 17/

Aged widows tend to be much less financially secure than elderly unmarried men, or elderly couples--median income of aged widows is 78 percent of that of elderly nonmarried men, and 37 percent of the median for elderly couples. 18/ However, the fact that elderly widows are less well off than other elderly people is not directly related to the level of Social Security benefits for

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15/ Unpublished data, 1982 New Beneficiary Survey, ORSIP, SSA.

16/ Ibid.

17/ U.S. Bureau of the Census, Current Population Reports, Series P-60, Number 142, Money Income of Households, Families and Persons in the United States: 1982, U.S. Government Printing Office, Washington, D.C. 1984, Table 45.

18/ Grad, Income, Table 11, 12.

widows. Social Security benefits paid to women as widows compare favorably with the benefits paid to people as retired workers. The average monthly widow's benefit awarded in April 1984 was $404 for as compared to the average retired worker's benefit of $413. In addition, widows can receive benefits at an earlier age than other aged beneficiaries and receive benefits at a higher rate than other auxiliary beneficiaries, such as wives and divorced wives.

Many elderly unmarried women 19/ have few sources of income other than Social Security benefits; in 1982, 20 percent of unmarried beneficiary women age 65 and over received 100 percent of their income from Social Security, compared to 17 percent of unmarried beneficiary men age 65 and over, and 9 percent of married couples age 65 and over. Only 23 percent of unmarried elderly women age 65 and over were receiving both Social Security and another pension, in contrast to 31 percent of elderly men and 46 percent of married couples. 20/ The amount of any income other than Social Security received by women is also significantly lower than that received by men or married couples. For people age 65 and over who were receiving income other than Social Security in 1982, the median amount for unmarried elderly men was $2,780 compared to $1,440 for unmarried women and $7,400 for elderly couples. 21/

Another factor influencing the financial well-being of widows is their longevity; the SSA's Office of the Actuary (OACT) has estimated (under the alternative II B assumptions as described in the 1984 Trustees Report) that a female age 65 in 1984 can expect to live 19.2 more years compared to 14.6 more years for a 65-year-old male. Resources that aged women have when they start receiving benefits may become depleted in advancing old age, thus increasing the dependence of very aged women on Social Security.

19/ Available data show pension and income receipt only for married and unmarried men and women. However, as noted previously, the overwhelming majority of elderly unmarried women are widows.

20/ Grad, Income, Table 9.

21/ Ibid, Table 13.

In addition to the issues raised concerning the financial well-being of elderly widows, other issues are raised concerning the way Social Security benefits are computed for widows. The first issue concerns the relative benefit amounts for the survivors of one- and two-earner couples with the same total average earnings. Under present law, the survivor of the two-earner couple almost always gets a lower benefit than the survivor of the one-earner couple with the same total earnings. This occurs because widow(er)'s benefits are equal to 100 percent of the basic benefit amount of the deceased spouse. As seen in the table below, the larger the proportion of the couple's earnings that was earned by the deceased spouse, the higher the benefit for the aged survivor; a relatively lower proportion of the couple's benefit is payable to the survivor of a couple where each earned one-half the couple's total earnings.

Benefits for Survivors of One- and Two-Earner Couples

	Average Earnings	Benefit for Survivor: As Worker	As Survivor	Amount Paid	% Couple's Benefit
Couple A					
Decedent	$1,800				
Survivor	0	$ 0	$719	$719	67%
Couple B					
Decedent	$1,500				
Survivor	300	258	642	642	67
Couple C					
Decedent	$1,000				
Survivor	800	418	482	482	54
Couple D					
Decedent	$ 900				
Survivor	900	450	450	450	50

A slightly different way of viewing this issue is that the surviving spouse of a one-earner retired couple (and some two-earner couples in which the survivor earned an insignificant portion of the total earnings of the couple--see couple B in above table) gets as much as two-thirds of the total benefits that the couple was receiving, while the survivor of a two-earner couple in which the survivor earned a significant portion of the total earnings can get as little as 50 percent of the total benefits the couple was receiving. For example, in the above table, the survivor of couple A would get a survivor's benefit equal to 67 percent of the couple's total benefit when the worker dies. On the other hand, the survivor of couple C would receive only 54 percent of the couple's total benefit, and the survivor of couple D would receive only 50 percent of the couple's total benefit. The substantial benefit cut for the survivor of many two-earner couples can create a financial hardship since, although some living expenses decrease when one spouse dies, total expenses generally are reduced by less than half.

Finally, concern has been expressed because women who have been primarily homemakers often lack an immediate source of income if they are widowed prior to age 60 and do not have children under age 16 or if their Social Security benefit eligibility ends because their youngest child reaches age 16 before they reach age 60. Benefits are payable to a worker's surviving widow(er) who is age 60 or older, or age 50-59 and disabled, or caring for a child (under age 16 or disabled) entitled to benefits based on the deceased worker's earnings. The period after the death of the spouse (or the time the youngest child reaches 16) and before age 60, when the widow is not eligible for any Social Security benefit, is commonly referred to as the "widow's gap." The potential magnitude of this concern can be illustrated by data which show that, of 2 million widows under age 60 in 1983, 1.25 million had no children under age 16 and were not receiving Social Security benefits. 22/

SUMMARY OF ISSUES

The issues that have been discussed in this section can be summarized as follows:

- Worker's benefits for married women duplicate their benefits as spouses.

22/ Unpublished data from the 1984 Current Population Survey, tabulated by the Office of Research, Statistics, and International Policy, SSA.

- One-earner couples get higher total benefits than two-earner couples with the same total earnings.
- Women retired workers generally receive lower Social Security benefits than men.
- Divorced women have low benefits.
- Widows are less financially secure than other elderly people and are likely to have few sources of income other than Social Security benefits.
- Survivors of one-earner couples get higher benefits than survivors of two-earner couples with the same total earnings.
- Widows who cannot qualify for Social Security survivor's benefits because they are too young (or because they are not caring for children) often lack an immediate source of income.

REPORT OF CONTRACTOR

SSA employed a private contractor, RTI, in order to document the criticisms of the treatment of women under present law. Following is a summary of the contractor's work and conclusions. The full report can be found in Appendix C.

Strategy

The purpose of RTI's study was to determine the concerns of interest groups regarding the treatment of women under Social Security.

In order to do this, a broad range of nongovernmental interest groups representing the interests of different groups of women, the aged and retired, children and families, employers, minorities and others was identified. The existing public statements of these organizations, including all articles and testimony concerning women and Social Security since the first major hearings on this subject in 1977, were gathered. Statements of the current concerns of nongovernmental interest groups were sought through a public request for opinion published as a special notice in the *Commerce Business Daily*. Finally, indepth interviews were conducted with representatives of nine major national interest groups.

Thus, the information base for determining the opinions of nongovernmental interest groups about the treatment of women under Social Security was of three types:

1. 112 articles and transcripts of testimony by 69 nongovernmental interest groups;

2. 25 letters representing the opinions of 33 organizations; and

3. interviews conducted with nine organizations.

The first two sets of information were analyzed separately using content analysis techniques to search for the occurrence of key words or themes describing both specific and general concerns about the treatment of women under Social Security. The information obtained from direct interviews was reviewed and reported in terms of the goals and constituencies of the organizations and specific concerns of the organizations as indicated by key spokespersons participating in the interviews.

Findings

The most frequently mentioned Social Security beneficiary groups are, in order of frequency of mention: (1) working women; (2) divorced women; (3) widows; (4) disabled; (5) two-earner couples; and (6) one-earner couples. It should be noted, however, that the majority of organizations represented in the information base were groups representing women, and their comments dominate the results. Thus, for example, women's groups expressed the most concern about working women. Groups representing the elderly were more likely to express concern about the treatment of widows, as were groups whose primary constituency was a racial or ethnic minority, although both types of groups also indicated concern about working women. Their concerns included such problems as the impact of the historically lower wages of women and the consequent relatively lower benefits to be received under Social Security, as well as the issue of "dual entitlement."

Statements expressing the more general concern about the "equitable treatment of men and women," and "discrimination in the workplace" were the most common equity-oriented issues. Less frequent were specific statements of concern for equity between one-earner and two-earner couples; and little concern was expressed about the relative treatment of single earners compared to married couples with one earner.

A specific set of concerns was raised by organizations representing minorities, both in the interviews and in the letters received. The major concern of these organizations is the lack of data needed to examine the treatment of minorities (Black, Hispanic and Asian) under Social Security. This included a general concern for better data on minority Social Security recipients generally, and not only on women.

Based on the analysis of the gathered information, the one issue that appears to emerge most clearly is a concern for adequacy of benefits, particularly for the divorced, widowed, and/or disabled homemaker, but most especially for widows. This theme appeared with far greater frequency than perceived concerns for equity in all three sets of information sources. If there is a consensus among the organizations, regardless of the source of the information, it is concern for older women living in poverty. This is evident in such statements as: "There is the need for benefit improvements, especially for women, the older poor and the 'old-old'" and "Social Security should be more than income replacement. It should involve adequacy."

The analysis of existing documentation showed that organizations representing women were the most likely to provide recommendations to deal with the issues mentioned and the most likely to recommend earnings sharing as the preferred solution to addressing their concerns. Most responses to the request for opinion also indicated support for earnings sharing as a recommendation.

In the interviews, the interviewers did not raise the question of earnings sharing, so those organizations that mentioned earnings sharing as a recommendation in the indepth interviews did so spontaneously. In the cases in which the issue was raised, the statement was to the effect that "we support earnings sharing in principle, with transition benefits, but need to see the results of SSA's analysis of the idea and its potential impacts before a specific endorsement could be given." Statements against earnings sharing were found only once in the set of prior testimony. Statements against earnings sharing were made in two interviews.

CONCLUSION

The interest in considering modifications of the Social Security system to address the issues currently raised by individuals and interest groups and discussed in this chapter prompted the mandate for this study, which is to assess the effects of one possible change--earnings sharing. Yet, it is important to keep in mind that, for the most part, the issues discussed have centered around circumstances that have prevailed over the working/homemaking lives of women who are now at or nearing retirement age. Obviously, the economic, educational, social (and so forth) experiences which younger women will have over their lifetimes will be different. We know, for example, that a woman entering the labor force today will be likely to work for more years than her older counterparts. Thus, the present Social Security law will have different impacts on future cohorts of women; some of the issues described in this chapter may receive more emphasis in the future and some may receive less. Nevertheless, the issues discussed here have been useful tools in establishing a framework for analysis of earnings sharing.

The following chapter provides background information on the methods and benchmarks used in this report to analyze the various earnings sharing plans. Because the full effects of any earnings sharing plan would not be felt for many years, the following chapter also describes the methodology used to project the effects of earning sharing on future beneficiaries and the assumptions used to make the projections.

CHAPTER II
GROUNDWORK FOR ANALYSIS OF RESULTS

OVERVIEW

The P.L. 98-21 mandate requires that the report show a range of ways that earnings sharing might be implemented and include an analysis of the effects of these variations on different categories of beneficiaries. This is done in Chapters III and IV. Chapter III presents a generic earnings sharing plan and shows the effects on benefit levels for all beneficiary types in 2030. Chapter IV presents the same information with respect to variations on the generic plan that are designed either to avoid some of the losses associated with the generic plan for certain categories of beneficiaries or to address specific concerns not addressed by the generic plan.

This chapter is intended to provide a brief explanation of the method used in the following chapters to project results in the future and to provide the reader with the background information needed to interpret the results of this analysis. Of utmost importance is an understanding of the overriding effect of the transitional provisions (i.e., provisions designed to mitigate for some period the effects of earnings sharing on people who would otherwise experience a reduction in benefits compared to present law) on benefit levels and thus on the overall impact of the various plans. Although this chapter contains a short explanation of the transitions, Chapter V contains a fuller technical discussion of the transitions and their effects.

PRINCIPLES OF EARNINGS SHARING

For the purposes of this report, section 343(c) of P.L. 98-21 defines earnings sharing as proposals in which "the combined earnings of a husband and wife during the period of their marriage shall be divided equally and shared between them for social security benefit purposes." The philosophy behind the earnings sharing idea is based on the community property principle. The basic idea is that marriage is an equal economic partnership and that assets accumulated during marriage--including Social Security earnings credits--should be divided equally between spouses, regardless of how they choose to allocate homemaking and breadwinning responsibilities. In its simplest form, earnings sharing would--

- credit each spouse with half of a couple's total covered earnings for each year of marriage, and
- replace the current benefits of worker's and spouse's (or surviving spouse's) with benefits for each spouse based on his or her own earnings record, including all covered earnings from years that the individual was not married and shared earnings from years that the individual was married.

STANDARDS OF EVALUATION

For purposes of analysis, the issues summarized in Chapter I can be restated as positive objectives and used as standards of evaluation to determine how well the earnings sharing plans discussed in this report would address the concerns raised by interest groups and individuals advocating changes in the way women are treated under Social Security. These standards of evaluation are--

- equalize benefits for one- and two-earner couples with the same total earnings,
- equalize benefits for survivors of couples with the same total earnings,
- increase protection for women by taking account of time out of the paid labor force for childcare and/or homemaking responsibilities,
- increase protection for divorced women,
- increase protection for widows, and
- expand protection to provide disability benefits for homemakers and to eliminate the "widow's gap."

It must be emphasized that these standards are being used in this report as analytical tools only and should not be interpreted as either recommendations by the Administration or as acknowledgment that the current Social Security program needs modification.

RETROSPECTIVE EARNINGS SHARING

A change from the current Social Security system to an earnings sharing system would have a very significant impact on all aspects of SSA's operations. Instituting an earnings sharing system would require a restructuring of the way SSA calculates and pays benefits. It would also require SSA to collect, verify and update a great deal of information about marital histories that is not currently needed to determine Social Security benefit amounts. Because of the magnitude of the change that would be required in SSA's operations, all the plans that will be discussed begin sharing earnings 5 years after enactment of enabling legislation (with benefits based on shared earnings beginning 10 years after enactment). A minimum leadtime of at least 5 years would be needed to allow adequate time for designing a completely new and highly complex system of recording earnings and computing benefits. 23/

Assuming legislation in 1985 and an effective date of 1990, earnings sharing would not begin to be fully effective until 2030 when the first group of people could retire with a full working lifetime (40 years) under earnings sharing. (Because Social Security benefits are based on lifetime earnings, the full effects of earnings sharing would only begin to be experienced by people who had spent their full worklives under the system.) In order to avoid this delay in the full effect of earnings sharing and provide benefits based on shared earnings for individuals who will be retiring in the less distant future, questions have been raised about the feasibility of splitting earnings for past years. This would enable people nearing retirement now to receive Social Security benefits based on earnings shared with, and/or inherited from, former and present spouses.

"Retrospective" sharing would create serious problems from an administrative viewpoint. The major hurdle arises from the fact that there is no system of records for prior periods that would enable SSA to reconstruct the history and exact dates of marriages, divorces, remarriages, etc., for each individual as would be necessary in order to share earnings credits with any degree of accuracy.

23/ See Chapter VI for a detailed explanation of potential administrative impact of earnings sharing.

Therefore, in order for retrospective sharing to be attempted, all past marital information would have to be collected, verified and recorded for the first time when the new system was implemented. Attempting retrospective sharing through development at this time of a comprehensive system of records for everyone's current and prior marriages would be a task of staggering proportion. It is estimated that the number of events about which SSA would need to collect, verify and record information retrospectively could easily exceed 100 million. Thus, from an administrative perspective, the cost, manpower, time and complexity associated with the retrospective application of earnings sharing are sufficient to exclude this option from serious consideration.

In addition to having extensive administrative and operational implications, retrospective earnings sharing also raises difficult policy questions. Because earnings sharing generally would result in increased benefits for the lower earner in the couple and in decreased benefits for the higher earner, applying earnings sharing retrospectively would result in lower benefits than had been expected, sometimes significantly lower, for many people retiring shortly after retrospective earnings sharing was implemented. Thus, many people who had planned for retirement in the expectation of receiving a certain level of Social Security benefits would not have sufficient time to rearrange their plans. Strong objections could be expected, especially if the reduction in benefits were caused by a divorce that occurred before earnings sharing were implemented. The people affected could argue that they would have made a different property settlement at the divorce if they had been aware of earnings sharing.

In addition, in many cases, one member of a couple, or a former spouse of a person retiring after earnings sharing was implemented, already would be receiving benefits when earnings sharing was implemented. Earnings sharing could cause a reduction in the benefits that these spouses or former spouses (and perhaps members of former spouses' second families) were already receiving.

Some of these problems could be reduced in magnitude by limiting retrospective earnings sharing to marriages in effect when earnings sharing was implemented. While this would lessen some problems, it would create others. First, the benefits of earnings sharing would not be available for two of the groups who are intended to be the main beneficiaries--widows and divorced women. Second, the question of disrupting people's retirement plans still would be valid. Finally, many people whose marriage ended just before earnings sharing was implemented or just after would find the cutoff date arbitrary.

Because of these policy questions, and the administrative problems, retrospective earnings sharing is not a feasible alternative. Thus, all of the plans that are discussed in the report are based on prospective earnings sharing beginning in 1990.

NEED FOR TRANSITIONAL PROVISION

The mandate for this study requires consideration of earnings sharing with appropriate transitional provisions. The reason for including transitional provisions is that earnings sharing inherently involves redistribution of earnings credited under the Social Security system for benefit purposes; this results in higher benefits for some people and lower benefits for others. Thus, earnings sharing plans that do not fully guarantee present law benefit levels as an alternative would result in reductions in benefit levels for the categories of beneficiaries who are most advantaged by the current method of crediting earnings and the present law benefit structure. For example, in the absence of some type of present law guarantee, many widows and divorced women who had little or no work outside the home could get lower benefits under earnings sharing because of the elimination of auxiliary benefits for spouses and widows. Also, many people retiring shortly after earnings sharing was implemented would not have enough shared earnings to generate a benefit as high as the present law benefit because earnings would not be shared for years prior to 1990. (As stated earlier, assuming an effective date of 1990, people who retire before 2030 would not have had a full worklife under earnings sharing.) By gradually phasing out present law, a transition serves both: (1) to mitigate the intrinsic redistributive effects of earnings sharing for some period while people adjust to the new system, and (2) to ameliorate the otherwise detrimental effects of having less than a full worklife under an earnings sharing system. 24/

The need for transitional provisions can be demonstrated by example. Under a generic earnings sharing plan without a

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24/ Under all the earnings sharing plans discussed in this report, only people who reach age 62 or become disabled after 1994 would have their benefits computed under earnings sharing.

transition, the simulation model used in this report shows the following effects on beneficiaries age 62 and older in 2030: 25/

- About 64 percent of men and 37 percent of women would have lower benefits than under present law. (Note: For purposes of this report, a person is defined as having no change in benefits if the earnings sharing benefit would be within 1 percent of the present law benefit. That is, a person is described as having higher benefits than present law if the earnings sharing benefit would exceed the present law benefit by more than 1 percent and as having lower benefits than present law if the present law benefit would exceed the earnings sharing benefit by more than 1 percent. In some prior analyses of earnings sharing, "little or no change" in benefit amounts was defined as 5 percent higher or lower than present law. This definition was considered by some as too broad.)

- Widowed and divorced women would have large losses in benefits. The 67 percent of widows who would lose would have an average benefit loss of 29 percent. The 39 percent of divorced women who would lose would have an average loss of about 31 percent.

- Although couples in which both would receive benefits under present law would, on average, get about 1 percent less than under present law, this relatively slight net loss is made up of both gains and losses. About 35 percent of such couples would get higher benefits, and 46 percent would get lower benefits than under present law.

- Average benefits for aged beneficiaries would decline by about 4½ percent, and average outlays (including new payments to some people who would not qualify for benefits under present law) would decline by about 4 percent from what they would have been under present law. If this saving were paid out in an across-the-board benefit increase, due to the redistributive effects of earnings sharing, 55 percent of men and 33 percent of women would still have lower benefits than under present law.

25/ The generic earnings sharing plan studied in Chapter III is based on the general principles of earnings sharing identified at the beginning of this chapter--split earnings in each year of marriage, compute benefits for each spouse on his or her own earnings record and pay such benefits in lieu of the present law worker's and spouse's benefits--with the important modification that a surviving spouse "inherits" all the earnings credits of the deceased spouse earned during their marriage.

There are various approaches that could be used in moving from the present system to an earnings sharing system. However, for purposes of the distributional analysis in succeeding chapters, one transition--a declining present law guarantee--has been used with the two earnings sharing plans that would need a transition. 26/ (The other plan--a "no-loser" plan--under which present law essentially would be operated forever in tandem with earnings sharing--would need no transition.) In general, the transition would: (1) guarantee 100 percent of the present law benefit to persons who would be eligible for present law benefits as divorced or surviving spouses based on marriages that began before 1990, and (2) guarantee a declining percentage of the present law benefit for persons who would have been eligible for worker's or spouse's benefits under present law in 1995 or later. (The guarantee would decline at a rate of 1 percent a year. That is, people eligible in 1995 would get a 100-percent guarantee, those eligible in 1996 would be guaranteed 99 percent of present law, etc.) The transition would not apply to people who would become newly eligible for Social Security benefits after 2030.

It is important to bear in mind that the data presented in the following chapters on the effects of various earnings sharing plans on the beneficiary population in 2030 are heavily influenced by the transitional benefit. For example, even after enactment of an earnings sharing plan, many people would receive present law benefits under the transition because their marriages began prior to 1990. This guaranteed present law benefit would be higher than the earnings sharing benefit for many women, especially surviving spouses. About 50 percent of widows in 2030 would have no change in benefits because of the present law benefit guarantee under the transition which would provide higher benefits than earnings sharing. Thus, the data include a high percentage of people in most categories who would have no change in benefits. The phenomenon is particularly apparent among the older cohorts. (For purposes of comparison, data are available in Appendix I for the year 2010. These data illustrate the even greater impact of the transition on the beneficiary population at that time.)

26/ Detailed information on this transition, as well as an alternative transition, can be found in Chapter V.

SIMULATION OF DISTRIBUTIONAL RESULTS

Simulation of Population Characteristics and Benefit Amounts

In order to determine the effects of an earnings sharing plan one needs to look at the beneficiary population at some point in the future when earnings sharing would have been in effect for long enough to have had a significant impact on benefit levels. We chose to look at the beneficiary population in 2030 because, assuming that earnings sharing legislation were effective in 1990, it would be 2030 when the first group of people retired with 40 years under earnings sharing.

Even in 2030, only one group of beneficiaries, those reaching age 62 in that year, would have had a full worklife under earnings sharing. This group would constitute only 2.6 percent of the total OASDI population age 62 and over in 2030. If we chose a year when all, or almost all, of the then-current beneficiary population would have had full worklives under earnings sharing, we would have to look at a year 80 to 100 years in the future. Looking at a year so far in the future, of course, would not only present difficult technical problems but would also make the reliability of the data very questionable.

A sample population reflecting the kinds of earnings and marital histories that may prevail several decades from now was created through computer simulation. Two models were used to generate estimates for the report, DYNASIM and MICROSIM. Both are revised versions of the dynamic microsimulation model developed at the Urban Institute in the early 1970's. The original Urban Institute model and its successor models have gained wide acceptance in the academic world. In addition, versions of the DYNASIM model have been and are being used by others to study earnings sharing. 27/

The data presented in the body of the report were produced using a version of DYNASIM operated and maintained by an experienced staff in the Office of the Assistant Secretary for Planning and Evaluation in HHS. Data generated by the MICROSIM model are presented in Appendix J; this model was recently implemented in SSA's Office of Research, Statistics and International Policy. The models serve as a check on each other. It is encouraging that the data generated by the two models are quite similar. Interested readers can make their own comparisons.

27/ The Congressional Budget Office, which is required under the P.L. 98-21 mandate to review the methodology used in this report, uses a version of the DYNASIM model.

In order to help the reader gain a better perspective of the relative numbers of women who are projected by DYNASIM to be receiving present law benefits in the future, the following table shows percentages of aged women beneficiaries by beneficiary category and marital status in 2010 and 2030.

Women Age 62 and Over
Receiving Present Law Benefits in 2010 and 2030 [a]
(By Percent)

	2010	2030
All Women		
Worker Only	41.0%	43.0%
Dual Worker/Spouse	12.6	13.2
Dual Worker/Survivor	34.3	39.2
Spouse Only	3.8	1.7
Survivor Only	8.2	2.9
Total	100.0	100.0

	2010		2030	
All Women by Marital Status	Percent of All Women	Percent of Category	Percent of All Women	Percent of Category
Married	36.2%	100.0%	35.3%	100.0%
Worker Only	20.4	56.4	21.3	60.2
Dual Worker/Spouse	10.8	29.7	11.0	31.3
Dual Worker/Survivor	1.6	4.4	1.5	4.4
Spouse Only	3.3	9.1	1.4	4.0
Survivor Only	0.2	0.4	0.1	0.2
Divorced	19.9%	100.0%	21.7%	100.0%
Worker Only	11.0	55.1	10.5	48.2
Dual Worker/Spouse	1.9	9.4	2.2	9.9
Dual Worker/Survivor	5.6	28.4	8.3	38.3
Spouse Only	0.5	2.8	0.3	1.4
Survivor Only	0.9	4.4	0.5	2.2
Widowed	40.5%	100.0%	35.0%	100.0%
Worker Only	6.2	15.3	3.3	9.6
Dual Worker/Survivor	27.1	67.0	29.3	83.7
Survivor Only	7.2	17.8	2.4	6.7
Never Married	3.4%	100.0%	8.0%	100.0%
Worker Only	3.4	100.0	8.0	100.0

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[a] Sum of columns may not equal total due to rounding.

How a Simulation Model Works

Both the DYNASIM and MICROSIM models use a sample population from the March 1973 Exact Match 28/ data as a starting point. The models then "age" this population by simulating events that may occur throughout people's lives. In the models, births, deaths, marriages and divorces are simulated each year. Young people in school can repeat their grades, move on to the next ones, graduate or quit school. Labor force hours, time unemployed and wage rates for each individual in the sample are determined annually. Retirement decisions are made depending on the level of benefits available, and Social Security and pension benefits are awarded.

The models, however, do not forecast economic and demographic trends. Instead, the models reflect the Alternative II-B economic and demographic assumptions used in the annual reports of the Social Security Trustees for 1983. Probabilities and predictions for individuals with regard to marital history, work experience, etc., produce average rates that are consistent with those assumptions. Some of the key assumptions are:

- It is assumed that there will be virtually no change in the labor force participation rate for men. The rate for married women, on the other hand, will continue to gradually increase, until the year 2000.
- Current rates of divorce for marriages of different durations will remain unchanged. Rates of first marriage for men and women and the rate of remarriage for men will remain constant, but the remarriage rate for women will rise.
- The current ratio of average annual earnings for men and women will remain constant.

According to DYNASIM projections with regard to labor force participation rates, although women are assumed to have more years out of the labor force than men, only 13 percent of women are expected to work for less than 20 years. Under these assumptions, only about 5 percent of women age 60 and over in 2030 will have

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28/ The Exact Match data developed a sample population by matching data from Social Security records to information from the Census Bureau's Current Population Survey. The individuals who were identified in this way became part of a sample population that has been used for many statistical purposes. A full explanation of the methodology and characteristics of the Exact Match can be found in Studies from Interagency Data Linkages, published by SSA.

less than the 10 years of covered earnings needed to gain insured status under the Social Security program. This means that, in 2030, under present law many more women will be dually entitled, fewer women will be dependent solely on a spouse's benefit and there will be fewer homemakers lacking in disability coverage.

In addition, under these assumptions, the percent of individuals who are divorced doubles by 2030 even though we assume that the current rate of divorce will remain constant. This will occur because lower divorce rates have prevailed over most of the lives of today's population. The 2030 population will have experienced the recent high divorce rate over most of their lives.

It is also important to recognize that, if no change at all is made in present law, by 2030 there will be a significant rise in all benefit levels. This rise will occur because projected real wage growth over the period (i.e., the excess of wage increases over price increases) will produce rising benefits under the present law benefit formula. The present law benefit formula, which was established as part of the 1977 amendments, was specifically designed to produce stable replacement rates over the long term (i.e., to produce benefits that replace a given percentage of preretirement earnings at retirement). Replacement rates vary depending on the earnings level of the retiree. For the long-term future they will be 55 percent for the Federal minimum wage worker, 41 percent for the worker with average wages and 27 percent for the worker who always earns the maximum amount countable for Social Security. As wages rise, Social Security benefits, which are based on wages, also rise even though the benefits continue to replace the same proportion of preretirement earnings. Thus, the benefits reflect the standard of living achieved by workers who are retiring. Since this standard of living is expected to continue to increase, Social Security benefits will reflect the increase and will be considerably higher by 2030, without any change in the law.

Under the DYNASIM model, average real benefit levels are projected to increase by about 70 percent between 1984 and 2030. Thus, when earnings sharing benefits are described as being higher or lower than present law, one must keep in mind that the present law benefits referred to are not today's present law benefits, but benefits computed under the present law rules that reflect the real wage growth and the increase in the standard of living that is expected to occur between now and 2030.

The DYNASIM AND MICROSIM 2030 data sets appear to be reasonable representations of what a sample of families will look like in 2030 if all of the assumptions of the Social Security Trustees prove to be accurate. Although the II-B assumptions of the

Trustees reflect an intermediate position on economic and demographic assumptions, many economic or social changes may occur over the 45-year period covered in the model that cannot be predicted with any degree of certainty now. For example, in 1940, no one would have predicted the current high divorce rates, nor the high birth rates of the baby boom decades and the low fertility rates that have followed; similar unexpected changes may occur over the next 40 or so years. Such discrepancies between possible actual experience and projected experience could have significant effects on the impact of earnings sharing on the Social Security population. To illustrate, the results of earnings sharing are particularly sensitive to the assumed labor force participation rates of women. Under the DYNASIM and MICROSIM models, it is assumed that these rates will continue to increase and that most women will work for significant portions of their lives so that, for cohorts reaching retirement age in 2030 and later, almost all women would be insured for Social Security benefits on the basis of their own work. If labor force participation rates do not continue to rise, a larger number of women than now reflected in the model would get benefits only as spouses. Thus, the number of women who would "lose" under earnings sharing may be understated by the models. If labor force participation rates are higher than assumed, the converse would be true.

In summary, the effects shown for earnings sharing in this report are based on a set of specific assumptions about what the future may hold. The possibility that actual effects may be much different should be borne in mind when evaluating the results shown.

The models use the Census Bureau definitions of marital status. This means that people are classified: as married, if they are currently married; as widowed, if their *last* marriage ended because their spouse died; as divorced if their *last* marriage ended in divorce; or as never married. People who are classified as married or widowed could have been divorced from a prior marriage. Likewise, people who are classified as divorced could have been widowed from a prior marriage. If a divorced person's former spouse dies, that person is still classified as divorced rather than widowed, because the marriage ended by divorce. When looking at distributional results produced by DYNASIM and MICROSIM, the reader should remember that the marital status reflected is the *current* status and does not mean that this is the only marital status that may be applicable to the individual.

It should be noted, further, that the data represent only the status of the sample population in the year 2030. In other words, the distributional effects described for earnings sharing are a "snapshot" at a specific time and do not necessarily illustrate how earnings sharing would affect individuals over the full course of their lives. For example, events after 2030 which may affect the amount of their Social Security benefits (such as, the death of a spouse or additional earnings) are not reflected in the data. A description of the technical aspects of DYNASIM is contained in Appendix I. (A description of MICROSIM as well as the data generated by MICROSIM are in Appendix J.)

EXPLANATION OF LONG-RANGE COST ESTIMATES

The costs of the earnings sharing plans discussed in the following chapters are not expressed in dollar terms. Because Social Security long-range cost estimates cover a 75-year period, it is difficult to comprehend the dollar figures they represent. As a result, Social Security actuaries express these costs using a measurement called "percent of taxable payroll." Taxable payroll is, simply, the total earnings subject to Social Security taxes over the entire 75-year period. For example, the long-range cost of the OASDI program is expressed in the 1984 Trustees Report (under the intermediate II-B assumptions) as 12.95 percent of taxable payroll. Put another way, the present program can be paid for over the next 75 years with a combined employer-employee payroll tax rate averaging 12.95 percent per year. (In addition to averaging this amount, the tax rates scheduled in the law must assure that the program has enough income to pay benefits at all times during the 75 years.)

The cost of a proposed change in the program can be expressed similarly. A proposal with a long-range cost of 1 percent of taxable payroll, for example, would require an increase in the average combined employer-employee payroll tax rate of 1 percentage point (from 12.95 percent to 13.95 percent). Such an increase amounts to increasing the average annual cost of the program by about 8 percent over the 75-year period.

CHAPTER III
GENERIC EARNINGS SHARING

OVERVIEW

The generic earnings sharing plan presented here adheres closely to the basic earnings sharing principle of an equal economic partnership between members of a married couple. The application of the equal partnership principle to the earnings of a married couple would have the practical effect of increasing the Social Security benefits for one partner while decreasing benefits for the other. In order to demonstrate clearly the redistributive aspects of earnings sharing, only a few provisions to offset reductions in benefit levels compared to present law have been included in this generic plan.

The major provision included in the generic earnings sharing plan to offset reductions in benefit levels compared to present law is the "inheritance" of the total amount of the deceased spouse's covered annual earnings for each year of marriage by the surviving spouse or surviving divorced spouse. Earnings sharing is defined in the mandate as "proposals that the combined earnings of a husband and wife during a period of marriage shall be divided equally and shared between them for Social Security purposes." Thus, it would be fully consistent with this definition of earnings sharing to make no special provision for surviving spouses. However, "inheritance" is generally considered to be an essential component of any earnings sharing system because of the substantial reduction that would result if a widow(er)'s benefit were based on only one-half of a couple's total earnings. Most of the recently developed earnings sharing proposals have included an inheritance feature to increase the benefits paid to widow(er)s under the plan. (See Appendix E for a detailed discussion of the rationale for inclusion of an inheritance feature.)

In the next section, the general specifications for the generic earnings sharing plan will be described briefly, followed by an analysis of how the generic earnings sharing plan would redistribute benefits to various categories of Social Security beneficiaries with emphasis on how well the generic earnings sharing plan meets the objectives for evaluation described in Chapter II.

GENERAL SPECIFICATIONS FOR THE GENERIC EARNINGS SHARING PLAN [29]

Specification: For each year that a person works in employment covered by Social Security and is not married, earnings up to the contribution and benefit base for that year [30] would be credited to his or her earnings record as under present law.

Specification: For each year of marriage, the total Social Security earnings credits of the couple would be combined and one-half the total for each year would be credited to each spouse's earnings record.

Specification: No auxiliary benefits would be payable to spouses or surviving spouses (including divorced and surviving divorced spouses and spouses who get benefits based on having a child entitled to Social Security benefits in their care). [31]

Discussion: All adults would be treated as workers and would get Social Security benefits based on their lifetime work regardless of whether this work was covered employment or unpaid work in the home. Retired or disabled worker's benefits would be computed by applying the present law benefit formula to an average of each person's earnings credits from their own work while unmarried, plus one-half of the couple's credits from years of marriage. Sharing earnings during the marriage would tend to even out gaps in coverage resulting from intermittent labor force participation since each partner would receive credit for half the total earnings, regardless of which one brought home the paycheck. Thus, women could qualify for their own retired or disabled worker's benefits based in whole or in part on shared earnings credits instead of auxiliary benefits.

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[29] Appendix E contains a full discussion of the policy choices underlying these specifications as well as alternative ways of structuring earnings sharing and the theoretical results of such alternatives.

[30] Total earnings for Social Security purposes are limited by the contribution and benefit base in effect for that year. The contribution and benefit base is the maximum amount taxable and creditable for Social Security purposes. In 1984, this amount is $37,800, and the amount is adjusted each year based on increases in average wages.

[31] Child-in-care benefits are paid under current law to the spouse of a retired, disabled or deceased worker who is caring for the entitled child of the worker if the child is under age 16 or disabled.

As under present law, retirement benefits would first be available at age 62, regardless of the marital status of the individual. Even though surviving spouses can receive benefits at age 60 under present law, no retirement benefits would be payable to surviving spouses age 60 or 61 under earnings sharing because they would be paid benefits as workers, and workers are not eligible for retirement benefits until age 62. (Although disabled widow(er)'s benefits would be eliminated, disabled surviving spouses would be able to qualify for disabled worker's benefits at any age.) In addition, no benefits would be paid to spouses or surviving spouses under age 62 who are caring for children.

Specification: **Earnings sharing would terminate when one member of a couple reached age 62 or became disabled; the benefit for each spouse would be based on shared earnings.**

Discussion: While a literal application of earnings sharing dictates that couples should share earnings for each and every year of marriage, if intact married couples continue to share earnings after one spouse has claimed benefits, the earnings credited to the nonworking spouse's record because of sharing would make it appear as if he or she had earnings and could result in withholding of benefits because of the earnings test. 32/

Consequently, one spouse could be effectively prevented from getting Social Security benefits as long as the other spouse were working. The problem with trying to mesh an earnings sharing plan with the Social Security earnings test could be avoided altogether if earnings sharing were to terminate as soon as one member of a couple reaches age 62 or becomes disabled. Thus, when the first spouse became eligible for benefits, he or she could begin drawing these benefits and the amount would not be affected if the other spouse continued to work.

Stopping earnings sharing when the first member of the couple reaches age 62 or becomes disabled would mean that benefits for each would not reflect shared earnings for the entire marriage if either spouse continued to work for pay.

32/ Under the Social Security earnings test, a person's benefits are reduced $1 for every $2 of earnings over a specified annual exempt amount ($5,400 in 1985 for beneficiaries under age 65 and $7,320 for beneficiaries age 65 through 69). Beneficiaries age 70 and over are not affected by the Social Security earnings test.

Specification: **Earnings sharing would terminate if a married couple is granted a final divorce; any future benefits for either of the former spouses would reflect shared earnings for the period of their marriage.**

Discussion: Ending earnings sharing with the date of the final divorce decree would mean that earnings would be shared for all years of marriage (even though the couple were separated and did not cohabit) until the year the final divorce is granted. However, the date of a final divorce decree seems preferable to any other date for terminating earnings sharing. The date of a final divorce decree is a definite date and is usually a matter of public record that can be verified. Using the date of a final divorce avoids the problems involved in attempting to verify cohabitation in order to share earnings only for years in which the couple was actually maintaining an economic partnership.

Specification: **When one spouse (or former spouse) dies, the survivor would be credited with (or would inherit) the total amount of the decedent's covered annual earnings for each year of marriage. (The combination of survivor's and decedent's earnings credits could not exceed the contribution and benefit base in any year.)**

Discussion: Through inheritance, the surviving spouse or surviving divorced spouse would get a benefit based on all, rather than half, of the couple's earnings for years of marriage, thus receiving more than she (he) would otherwise get under "pure" earnings sharing. In less than lifelong marriages, the surviving spouse or surviving divorced spouse would inherit only a portion of the deceased spouse's total earnings since earnings before or after the marriage would not be inherited.

Specification: **Each individual's insured status for Social Security benefits (including disability insured status) would be determined based on the earnings credited to his or her record after sharing and/or inheritance.**

Discussion: Workers must have worked in covered employment long enough to be insured in order to qualify for retirement, survivor's or disability benefits for themselves and/or their families. A worker is insured if he or she has a sufficient number of quarters of coverage credited to his or her earnings record.

Basing insured status on shared and/or inherited earnings would allow most homemakers to gain insured status without causing the other marriage partner to lose insured status. Only a few couples would have earnings so low that sharing would result in loss of insured status to the earner or failure of the homemaker to gain insured status.

Specification: Benefits for children and the limit on family benefits would be based on the retired, disabled or deceased person's record including shared or inherited earnings.

Discussion: Earnings sharing would affect the amount of benefits received by children because adjusting earnings records due to shared and/or inherited earnings would change the worker's basic benefit amount. Changes in the worker's basic benefit would cause similar changes in the children's benefit amount and in the maximum family benefit that limits the total amount that can be paid to the worker and his or her children.

COST OF THE GENERIC EARNINGS SHARING PLAN

The long-range net cost of the generic earnings sharing plan using transition I would be 0.35 percent of taxable payroll (about $5.6 billion per year, in terms of 1984 taxable payroll). 33/ The table below shows a breakdown of this cost into 25-year periods.

Net Cost of The Generic Earnings Sharing Plan as a Percent of Taxable Payroll a/

1984-2008	2009-2033	2034-2058	Total 1984-2058
0.07	0.38	0.60	0.35

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a/ Net cost is defined as the additional cost minus the additional income due to the taxation of benefits provision. The cost is based on the Alternative II-B assumptions of the 1984 Trustees Report.

33/ See Chapter V for a full discussion of the transition.

SUCCESS OF THE GENERIC EARNINGS SHARING PLAN IN MEETING STANDARDS

This section presents the distributional effects of the generic earnings sharing plan in 2030 and analyzes these effects in terms of the standards for evaluating changes to the Social Security system described in Chapter II. In analyzing these effects, it is essential to keep in mind the heavy influence of the transitional benefit.

The following table illustrates the large influence the transition would have by comparing the number of women who would receive benefits equal to present law with and without the transition. The difference between the two numbers is a fairly good indication of the heavy influence of the transition because it reflects that part of the transition that would guarantee full present law widow's and divorced spouse's benefits for people who would get lower benefits under earnings sharing. 34/ However, the effect of the transition would be even more pervasive than is shown in the table because the table does not reflect the results of the declining present law guarantee of worker's benefits. Under this declining guarantee, some people who would receive transition benefits may receive less than they would under present law, but more than they would receive under earnings sharing.

Percent of Women Age 62 and Over
Who Receive Benefits Equal to Present Law
With and Without Transition

	2010		2030	
Women	No Trans.	Trans. I	No Trans.	Trans. I
Total	49%	68%	14%	40%
Married	25	29	3	6
Divorced	55	78	11	38
Widowed	64	94	8	62

Thus, both the cost of the generic plan and the effects of the plan on various categories of beneficiaries reflect the results of the transition almost as much as earnings sharing results.

34/ Detailed information on this transition, as well as an alternative transition, can be found in Chapter V.

Married People

As defined in Chapter II, the standards of evaluation that relate most directly to benefits for married people are:

- Equalize benefits for one- and two-earner couples with the same total earnings, and

- Increase benefits for women by taking account of time out of the paid labor force for childcare and/or homemaking responsibilities.

Would the Generic Earnings Sharing Plan Equalize Benefits for One- and Two-Earner Couples? 35/

The table below contains illustrative data showing how earnings sharing would equalize benefits for one- and two-earner couples with the same total earnings and years of marriage. For purposes of the illustrative table, it is assumed that the spouses are the same age, retire at the same time and have been married to each other for their entire working lifetimes. Obviously, this combination of circumstances is hypothetical. In actuality, people's lives are much more complex, and the effect of earnings sharing in equalizing benefits would be less clear cut. In addition, it is assumed that earnings sharing had been in effect over the couples' full working and married lifetimes.

As can be seen from the illustrative table, earnings sharing would equalize benefits by treating all couples as if they were two-earner couples in which each spouse had earned one-half of the total earnings. In general, this means that one-earner couples would get lower benefits than under present law. The effect on two-earner couples would be mixed. While many of them would get benefits equal to those they would get under present law, some would get higher benefits, and some would get lower benefits. The changes in benefit amounts for two-earner couples would result from the application of the present law weighted benefit formula to shared earnings.

35/ In order to illustrate the equalizing effects of generic earnings sharing on couples' benefits, one must look at the effects of earnings sharing on married couples in which both spouses are receiving Social Security benefits.

Illustrative Monthly Benefits for Lifelong Married Couples By Couples' Total Average Monthly Earnings and By Proportion of Total Average Earnings Earned by Each Spouse a/

Total Average Monthly Earnings	Proportion of Average Earnings Earned by Each Spouse							
	One Earner		5/6 - 1/6		2/3 - 1/3		1/2 - 1/2	
	Present Law	Earnings Sharing	Present Law	Earnings Sharing	Present Law	Earnings Sharing	Present Law	Earnings Sharing
$ 650	$ 555 b/	$ 532	$ 502 b/	$ 532	$ 495	$ 532	$ 532	$ 532
1300	867 b/	740	762 b/	740	739	740	740	740
1900	1101 b/	932	1002 b/	932	931	932	932	932
2990 c/	1347 b/	1280	1234 b/	1280	1229	1280	1280	1280
4000	--	--	--	--	1373	1498	1498	1498
5000	--	--	--	--	--	--	1648	1648
5980	--	--	--	--	--	--	1796	1796

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a Benefit amounts are computed using the 1985 benefit formula and do not reflect reduction for early retirement.

b/ A spouse's benefit would be payable under present law.

c/ A worker who had a full career of maximum covered earnings at the relative level of the current contribution and benefit base would have average monthly earnings of $2990.

Note: No benefit amounts are shown for cases that are not possible because, given the division of earnings between the spouses, one spouse would have average monthly earnings exceeding $2990 -- the maximum possible.

The effect of earnings sharing on benefits for two-earner couples can be illustrated by looking at the effect on the couple in the table with total average earnings of $4,000 split 2/3-1/3. Under present law, the high earner has average earnings of $2,667, and the low earner has average earnings of $1,333. If the 1985 benefit formula is applied to those averages, each spouse gets 90 percent of the first $280 of average earnings. The low earner then gets 32 percent of his or her remaining earnings, for a total benefit of $524. The high earner gets 32 percent of his or her average earnings over $280 up to $1,691, and 15 percent of the remainder, for a total benefit of $849. Thus, for the couple, $560 of the average earnings are in the 90-percent bracket, $2,464 are in the 32-percent bracket, and $976 are in the 15-percent bracket.

Under earnings sharing, each spouse would have average earnings of $2,000. If the 1985 benefit formula were applied to those averages, each would get 90 percent of the first $280, 32 percent up to $1,691 and 15 percent of the remainder. Each would receive a total benefit of $749. Thus, under earnings sharing, as under present law, $560 of the average earnings would be in the 90-percent bracket. However, as a result of sharing, $2,820 of the average earnings would be in the 32-percent bracket and only $618 would be in the 15-percent bracket. Because some of the earnings would be shifted from the 15-percent bracket to the 32-percent bracket, there would be an overall increase in benefits for the couple. In general, by sharing earnings, couples with the very low total earnings (total earnings at or near the Federal minimum wage) would get increases because some earnings would be moved from the 32-percent bracket to the 90-percent bracket. Likewise, couples with high earnings would get increases because some earnings would be moved from the 15-percent bracket to the 32-percent bracket.

The two-earner couples who would get lower benefits would be those in which a partial spouse's benefit would be payable under present law. For such couples, even though earnings would be shifted from the higher to lower earner, either (1) the weighting would not change because both spouses' earnings would fall in the 32-percent bracket under present law and under earnings sharing, or (2) the amount of average earnings shifted from one bracket to another would not raise the benefits enough to make up for the loss of the partial spouse's benefit.

In general, the generic earnings sharing plan would equalize benefits for one- and two-earner couples with the same total covered earnings and the same years of marriage. The table below, which contains data from the actual microsimulation of the generic plan, shows that, in 2030, under transition I, about 37 percent of aged couples in which both spouses were receiving benefits would get higher benefits, and 44 percent would get lower benefits.

Aged Couples in 2030
In Which Both Are Receiving Benefits
By Wife's Entitlement Status a/

			Worker Beneficiary	
	Total	Wife Spouse Benefits Only	Wife Dual	Wife Worker Only
Receive Present Law	13414	889	5363	7165
% with no change	19%	5%	14%	25%
% with increases	37	9	32	44
Average % gain	6	6	6	7
% with decreases	44	86	54	31
Average % loss	-6	-15	-6	-3
Total average difference	0	-12	-1	2

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a/ In this table and in all subsequent tables, the number of beneficiaries is shown in thousands and percentages are rounded to the nearest 1 percent. "No change" in benefits is defined as present law plus or minus 1 percent. More detailed tables can be found at the end of the chapter, and additional tables can be found in the Appendices I and J.

As shown above, for couples in which both spouses would be entitled to benefits, the effect of the generic earnings sharing plan would generally depend on the present law beneficiary status of the lower earner (usually the wife).

- As the table above indicates, 86 percent of couples in which the wife would be entitled to only a spouse's benefit under present law and 54 percent of couples in which the wife would be entitled to a worker's benefit supplemented by a higher spouse's benefit under present law (i.e., dually entitled) would receive a decrease in total benefits. When the earnings are shared each spouse would receive a benefit reflecting the full weighting in the Social Security formula. Thus, a one-earner couple would receive the advantage of double weighting. However, total benefits for such couples would be lower than under present law despite the fact that earnings sharing would result in more heavily weighted benefits for each spouse because the elimination of the auxiliary spouse's benefit would more than offset the increase in benefits due to the weighting of the benefit formula.

- Thirty-two percent of couples in which the wife would receive a partial spouse's benefit would get increases under earnings sharing, due largely to the increase in weighting.
  Nine percent of couples in which the wife would receive only a spouse's benefit would get increases. These increases would generally be due to earnings credits gained by one or both spouses from a prior marriage.

- On the other hand, 44 percent of couples in which the wife would be entitled to only a worker's benefit under present law would receive, on average, a 7-percent increase due largely to the increase in weighting. Another 31 percent of these couples would receive an average decrease of 3 percent, largely because one spouse lost earnings credits when a prior marriage ended in divorce.

As shown in the table below, if we consider two beneficiary married couples by the relative amount of their present law benefits in 2030, couples with the highest present law benefits would have the best chance of getting increased benefits under the generic plan, while couples with the lowest present law benefits would have the least chance of getting increased benefits under earnings sharing.

Two Beneficiary Married Couples in 2030 by Present Law Benefit Level

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Average Present Law Benefit	$11425	$15400	$18313	$22579
% Who Would Gain	29%	33%	38%	46%
% Who Would Lose	44	48	46	38

The couples in the highest quartile would gain because of the increase in weighting due to sharing. However, although some two-earner couples in the lowest quartile would gain because of the additional weighting, many would have these gains offset by the loss of a partial spouse's benefit. In addition, since couples in which the wife would receive only a spouse's benefit would be likely to have lower benefits than couples in which the wife would receive a worker's benefit, such couples would be more likely to fall in the lower quartiles, and such couples would receive lower benefits under earnings sharing.

Would the Generic Earnings Sharing Plan Increase Benefits for Women Who Take Time Out of the Paid Labor Force?

Under the generic earnings sharing plan, the gaps in married women's earnings records would be filled by taking some credits from their husbands' records. This would create a "leveling" effect between partners in intact couples, which would serve to raise the benefit amounts of the lower earner (relative to present law) while reducing the amount of the higher earner's benefit. Typically, the wife is the lower earner and, therefore, her benefit would be increased under the plan.

- Eighty-four percent of married women age 62 or older in 2030 would receive benefit amounts under the generic earnings sharing plan that would be higher than under present law. (See Table 3 at the end of this chapter.) The average gain for women who would receive higher benefits would be 29 percent.

Earnings sharing seems to be effective in providing increased benefits for married women who work outside the home for a substantial period.

- As the table below indicates, married women who would receive benefits only as workers or who would be dually entitled to worker's and spouse's benefits under present law would be very likely to get higher benefits. Under the generic earnings sharing plan, 86 percent and 89 percent, respectively, would get higher benefits.

- However, 10 percent of married women who receive worker's benefits only would receive lower benefits under earnings sharing. These losses probably would occur because these women had higher earnings than their husbands during their marriages.
- Nine percent of dually entitled married women would also get benefits lower than present law. These losses probably would occur primarily because these women had relatively short marriages or because they had higher earnings than their husbands in a prior marriage.

As might be expected, married women who did not work long enough to qualify for their own worker's benefit and who would have received only a spouse's benefit under present law would be slightly less likely to get increases than other women because they would lose the spouse's benefit and would have few, if any, earnings credits of their own to add to the shared credits. In addition, if such women had not been married for a full worklife, they may have years with no earnings that would depress their average lifetime earnings and thus their Social Security benefits.

- However, 72 percent of these women still would get increased benefits while 27 percent would get less than present law. (Note: Because DYNASIM simulates that almost all women will work for significant periods, only about 4 percent of married women are estimated to receive only spouse's benefits under present law in 2030.)

Married Women Age 62 and Over in 2030
By Present Law Beneficiary Status

	Spouse Benefit Only	Worker Beneficiary	
		Spouse Dual	Worker Only
Receive Present Law	619	4832	9308
% with no change	1%	2%	4%
% with increases	72	89	86
Average % gain	28	33	28
% with decreases	27	9	10
Average % loss	-12	-11	-9
Total average difference	18	28	23

Although most married women would get increased benefits under earnings sharing, most married men would get lower benefits. This result is due to the "leveling" effect of earnings sharing.

- o Some 86 percent of married men would receive lower benefit amounts under the generic earnings sharing plan.
- o The average decrease for those married men who would lose benefits would be 14 percent.

Thus, the generic earnings sharing plan would seem to have the expected results on benefits for married people. Married women generally would get higher benefits and married men would get lower benefits. On average, these effects would offset each other so that in the aggregate married couples would get about the same level of benefits as under present law.

In addition to these effects, the generic earnings sharing plan would have another impact on benefits for married people. Based on the idea that each spouse, whether paid or unpaid, makes an equal economic contribution to the marriage, generic earnings sharing would allow either spouse to get benefits based on half the couple's earnings even though the other spouse did not claim benefits. 36/

If the sole, or higher, earner claimed benefits before the lower earner claims benefits, the higher earner's benefits would be based on half the couple's earnings. As a result, the sole or higher earner would get lower benefits than would be available under present law; this would be true even though the couple had lost all, or most, of the earnings they had for support.

- o As expected, in those couples in which only the husband received benefits, 82 percent would receive a benefit which would be, on average, 16 percent lower than present law.

On the other hand, if only the lower earner, or homemaker, claimed benefits based on shared earnings, in many cases, couples would receive benefits that would not be paid under present law, or would receive higher benefits than under present law, even though they have lost little or none of the actual money earnings they had for support because the higher earner continued to work.

- o To illustrate, in couples in which only the wife received benefits, 87 percent would receive a benefit which would be on average 45 percent higher than under present law.

36/ There are a number of reasons why only one spouse may claim benefits. For example, only one may be old enough to qualify, one spouse may be still working, etc.

Divorced People [37]

The standard for evaluation that relates directly to benefits for divorced people is:

- Increase benefits for divorced women.

A related standard that indirectly affects divorced women is:

- Increase benefits for women by taking account of time out of the paid labor force for childcare and for homemaking responsibilities.

The considerations concerning how well the generic earnings sharing plan would fill the gaps in the earnings records of divorced women are essentially the same as for married women. Earnings sharing would not directly fill gaps resulting from childcare or homemaking, but would level the benefits of the partners in a marriage by transferring earnings credits from the higher to the lower earner. The effects of this transfer can be seen in the increase in benefits for divorced women and the offsetting decrease in benefits for divorced men which are discussed in the following section.

Would the Generic Earnings Sharing Plan Increase Benefits for Divorced Women?

Overall, as shown in the table below, the generic earnings sharing plan would increase benefits for half of divorced women.

- For the 50 percent of divorced women who would receive increased benefits, the average benefit increase would be 17 percent.
- However, 12 percent of divorced women would get decreases averaging 19 percent.

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[37] In the data presented here, a person is classified as divorced if that is his or her marital status in 2030. Thus, people who have divorced but are remarried in 2030 are not classified as divorced. On the other hand, surviving divorced spouses (i.e., people whose divorced spouses are deceased) are counted as divorced.

- Thirty-eight percent of divorced women's benefits would be unchanged from present law levels, largely because the transitional guarantee of present law benefits based on marriages that began before 1990 would provide higher benefits than earnings sharing for many divorced women.

Divorced Men and Women Age 62 and Over in 2030

	Men	Women
Receive Present Law	5853	9515
% with no change	15%	38%
% with increases	19	50
Average % gain	8	17
% with decreases	66	12
Average % loss	-9	-19
Total average difference	-5	5

The above table also illustrates the leveling effect on benefits for divorced spouses.

- Sixty-six percent of divorced men would get benefits on average 9 percent lower than under present law.

- Overall benefits for divorced men would on average be 5 percent lower than present law, while benefits for divorced women would on average be 5 percent higher than present law.

In evaluating the overall effects of earnings sharing on divorced women, it is important to recognize that divorced women are not a homogeneous group. As shown below, the generic earnings sharing plan would have very different effects on benefits for divorced women depending on what kinds of benefits they would receive under present law.

Divorced Women Age 62 and Over in 2030
By Present Law Beneficiary Status

	Total	Spouse's Benefit Only	Survivor's Benefit Only	Worker Beneficiary		
				Spouse Dual	Survivor Dual	Worker Only
Receive Present Law	9515	137	212	943	3644	4582
% with no change	38%	36%	63%	18%	65%	20%
% with increases	50	58	6	69	18	73
Average % gain	17	26	22	24	16	16
% with decreases	12	6	31	13	17	7
Average % loss	-19	-18	-39	-9	-24	-5
Total average difference	5	12	-11	15	-2	11

The generic earnings sharing plan would increase benefits for many divorced women who would get a spouse's, or partial spouse's, benefit under present law and for those who would get only worker's benefits under present law. However, some of these women would get lower benefits under earnings sharing.

- o As shown in the above table, about 68 percent of divorced women entitled to spouse's or partial spouse's benefits would get increased benefits under the plan.
- o Seventy-three percent of divorced women entitled to only worker's benefits would get increased benefits under the plan.
- o Six percent of women entitled to only spouse's benefits, 13 percent of women dually entitled to spouse's and worker's benefits and 7 percent of women entitled only to worker's benefits would get lower-than-present law benefits under the generic earnings sharing plan.

On the other hand, the generic earnings sharing plan, even with inheritance, would not necessarily increase benefits for divorced women if these women would be entitled to surviving divorced spouse's benefits under present law.

- o As shown in the above table, about 65 percent of divorced women entitled to survivor's benefits (63 percent of those entitled only to survivor's benefits and 65 percent of those dually entitled to survivor's and worker's benefits) under present law would have no change in their benefits under earnings sharing. This is largely because the present law benefit guaranteed under the transition would exceed the amount of any earnings sharing benefit.

The remaining beneficiaries would be almost equally divided between winners and losers, but the percentage loss for those who would get decreased benefits would exceed the percentage increase for winners.

- On average, women who would get only survivor's benefits would lose 11 percent of their benefits while dually entitled surviving divorced women would lose 2 percent of their benefits.

It is important to note, however, that many divorced women who would receive a higher-than-present law benefit under the generic earnings sharing plan when their ex-husbands were alive would receive a benefit lower than that payable under present law once their ex-husbands died. (Under present law, spouse's benefits are converted to higher widow's benefits when the worker dies, while, under earnings sharing, a surviving divorced spouse would inherit earnings credits only for years of marriage, which is likely to produce a lower benefit than the present law widow's benefit.) Some of the women in the sample population would be protected by the present law guarantee under the transition, if their marriages began prior to 1990. However, fewer and fewer people would qualify for the guarantee as time passes.

The different effect that earnings sharing would have on the benefits of divorced women, depending on whether or not their ex-spouses were deceased, is reflected in the table below, which considers divorced women with respect to the level of their present law benefits. As shown in this table, divorced women with the lowest present law benefits would be the most likely to get higher benefits under the generic plan and the least likely to get lower benefits, while divorced women with the highest present law benefits would be least likely to get increased benefits and the most likely to get lower benefits. One reason for this effect is that divorced women who receive present law surviving divorced spouse's benefits generally have the highest present law benefits among divorced women, while those receiving divorced spouse's benefits generally have the lowest present law benefits. As previously noted, the generic earnings sharing plan would be much more successful in increasing benefits for divorced women receiving spouse's benefits than it would be in increasing benefits for divorced women who would be receiving survivor's benefits.

Divorced Women in 2030 by Present Law Benefit Level

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Average Present Law Benefit	$ 4595	$ 6373	$ 8183	$11519
% Who Would Gain	68%	63%	44%	23%
% Who Would Lose	7	6	13	22

Widowed People

One of the major objectives to be achieved by a change in the Social Security system that has been identified by interest groups is an increase in benefits for widows. Since it is clear that earnings sharing alone could not achieve this objective, almost all earnings sharing plans that are considered include some kind of "inheritance" feature that is intended to increase benefits for widows and to equalize benefits for the survivors of one- and two-earner couples by increasing benefits for survivors of two-earner couples.

Would the Generic Earnings Sharing Plan Increase Benefits for Widows?

The generic earnings sharing plan with inheritance would have almost no effect on average benefits for all widows.

- Sixty-two percent of widows would have no change in benefits, largely because the guaranteed present law benefit based on marriages beginning before 1990 (or deaths occurring before 1995) would be higher than any earnings sharing benefit.

- Twenty-five percent of widows would get increased benefits with the average increase being 17 percent.

- However, 13 percent of widows would get lower benefits with the average decrease being 26 percent.

There are three main reasons why widows may receive lower-than-present law benefits under the generic earnings sharing plan or under virtually any earnings sharing plan that does not include a permanent present law guarantee.

- First, a widow may receive lower benefits under earnings sharing because she could only inherit earnings from years of marriage. A woman who was not married to a worker for his full working lifetime would inherit only part of her husband's earnings. Under present law, survivor's benefits are based on a deceased worker's entire earnings history regardless of the length of the marriage. Since women are projected to continue to have earnings that are considerably lower than men's, a woman who is married for a short period would have to substitute her own lower earnings for her husband's in years outside of marriage. This would result in average lifetime earnings which would produce lower benefits. In addition, since, under the simulation, half of marriages are projected to end in divorce, many widows may have ex-spouses who were still alive in 2030. These widows would have not yet inherited earnings from their ex-spouses which would contribute to lower average lifetime earnings by further reducing the number of years of inherited earnings for such widows.

- Second, a widow may receive lower benefits if her husband died when he was relatively young. Under present law, if a woman's husband dies before he turns age 62, her survivor's benefits are based on his earnings averaged over fewer than the full 35 years used for retirement cases because the number of years in the averaging period ends when her husband dies, rather than when he reaches age 62. With earnings sharing, she would inherit his earnings but, since she would receive a benefit as a worker on her own record, the earnings would be averaged over the full 35 years. Averaging the earnings over a full worklife often would result in a lower AIME, and thus a lower benefit, even when a widow's own earnings were included.

- Finally, a widow may receive lower benefits if her husband died after she had become entitled to a worker's benefit reduced for early retirement. Under present law, a surviving spouse's benefit is not actuarially reduced because of prior entitlement to a reduced worker's benefit; it is reduced only if the person is under full retirement age when the survivor's benefit is claimed. 38/ Under earnings sharing the widow's worker's benefit would be recomputed to take account of the inherited earnings when her husband died, but it would continue to be adjusted using the actuarial reduction factor applicable to the widow's own retirement benefit regardless of her age at the time of her husband's death. Since worker's benefits could be reduced by as much as 30 percent in 2030, if they were claimed at age 62, this would represent a major decrease in benefit levels for some widows and could often overwhelm any advantage gained by adding her own earnings credits to those inherited from her husband.

Widows in 2030
by Present Law Benefit Level

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Average Present Law Benefit	$ 5734	$ 8149	$10060	$13233
% Who Would Gain	31%	30%	23%	16%
% Who Would Lose	7	11	14	22

The table above shows that widows with the lowest present law benefits would be the most likely to get increased benefits under the generic plan, while those with the highest present law benefits would be the least likely to get increased benefits. One reason for this effect is that the opportunity for the survivor to add her own earnings to those inherited from her spouse is more valuable to people whose earnings are less than the annual earnings amount that is countable for Social Security purposes. Widows who have very high present law benefits are more likely to have been married to persons who had earnings at or near this annual amount and, thus, would derive less advantage from adding in their earnings because the total in each year is limited to the Social Security earnings base.

38/ In some cases the benefit may be reduced under the widow's limit because the deceased spouse drew reduced retirement benefits. In such a case, the widow's benefits would be limited to the amount the deceased spouse would get if he were alive, but the amount of the benefit cannot be less than 82½ percent of the full basic benefit amount. (There would be no widow's limit under earnings sharing.)

Further, widows with the highest present law benefits would be the most likely to get lower benefits under the generic plan. One explanation for this effect is that widows with the highest present law benefits are the most likely to be receiving a widow's benefit without actuarial reduction. This group of widows would be the most likely to be disadvantaged under the generic plan because they would be treated as workers for purposes of actuarial reduction and lose the advantage they have as widows under present law.

Looking at the distribution of widow's benefits by age helps to demonstrate the influence of the various reasons why widows may get less under earnings sharing. As shown in the table below, widows age 62-64 in 2030 would have a much higher probability of getting increased benefits under earnings sharing than other age groups.

- Seventy-four percent of these widows would get increased benefits;
- Fourteen percent would have no change in benefits; and
- Twelve percent would get decreased benefits with an average loss of 22 percent.

The probable reason why a much larger percentage of widows age 62-64 would get increased benefits, compared to widows in older age groups, is that almost all women in this age group are assumed to have extensive work records. Thus, inheriting credits for years of marriage would have a high likelihood of increasing their benefit amounts. However, 12 percent of widows age 62-64 would receive significantly lower benefits; this is not much different from the 14 percent of all widows who would receive lower benefits. The losses of these widows may be a measure of the extent to which this cohort would be affected by the first and second possible reasons for lower benefits for widows--i.e., they had relatively short marriages and/or their husbands died at a relatively early age and they lost the present law advantage of the shorter computation period.

Looking at the next older age group--those 65-74--a similar pattern emerges, but a slightly greater influence from the transition can be seen.

- Thirty-five percent would have no change in their benefits, largely because of the transitional guarantee;
- Forty-five percent would get increased benefits; and
- Twenty percent would get decreased benefits.

Widows Age 60 and Over in 2030, by Age

	Total	60-61	62-64	65-74	75+
Receive Present Law	15516	179	490	4080	10769
% with no change	61%	19%	14%	35%	74%
% with increases	25	16	74	45	15
Average % gain	18	50	24	18	14
% with decreases	14	65	12	20	11
Average % loss	-29	-97	-22	-22	-29
Total average difference	0%	-52%	15%	2%	-1%

The larger number of losers in this age group as compared to somewhat younger widows is probably indicative of the effects of the remaining reason for lower benefits for widows--the loss of the present law advantage regarding lack of actuarial reductions for women who get widow's benefits after receiving reduced worker's benefits--combined with some influence from the effect on widows who spent less than a full worklife under earnings sharing, but failed to qualify for the guarantee.

Thus, the generic earnings sharing plan would be only partially successful in providing increased benefits for widows in 2030. However, these distributional effects do not show the complete picture with regard to the effect of earnings sharing on widows because the transitional provisions still would be providing higher benefits than earnings sharing for over 60 percent of widows in 2030. In order to see the impact of a mature earnings sharing system on widows, distributional results would be needed for a year farther into the future when the transition no longer would cover many widows. Although we did not simulate such a population, when we were analyzing the need for transitional provisions we did a projection of earnings sharing in 2030 without a transition assuming that all beneficiaries then on the roles had had the opportunity to share earnings throughout their entire married and working lifetime. The results of this projection are discussed at length in Chapter V. These results indicate that, overall, under a mature earnings sharing system, about 50 percent of widows would get increased benefits and about 40 percent of widows would get lower benefits than under present law.

Would the Generic Earnings Sharing Plan Equalize Benefits for Survivors of One- and Two-Earner Couples?

The inheritance feature of the generic plan allows a surviving spouse to be credited with the deceased spouse's earnings for each year of marriage. The effect of this feature in the case of lifelong married couples is to increase benefits for survivors of two-earner couples by treating all couples as if they were one-earner couples. For example, as noted in Chapter I on page 11, under present law the survivor of a one-earner couple with average earnings of $1,800 would get a benefit of $719 while the survivor of a two-earner couple could get as little as $450. Under inheritance, the survivor of any lifelong married couple with average earnings of $1,800 would get a benefit of $719, the amount paid to the survivor of a one-earner couple under present law.

Widows Age 62 and Over in 2030
By Present Law Beneficiary Status

		Survivor	Worker Beneficiary	
	Total	Benefits Only	Survivor Dual	Worker Only
Receive Present Law	15337	1030	12841	1467
% with no change	62%	80%	63%	40%
% with increases	25	6	22	59
Average % gain	17	15	17	20
% with decreases	13	14	15	1
Average % loss	-26	-38	-25	-6
Total average difference	0	-5	-1	13

The table above shows that the generic earnings sharing plan would move in the direction of equalizing benefits for survivors of one- and two-earner couples by increasing benefits for survivors of two-earner couples.

o Fifty-nine percent of survivors who would get only worker's benefits 39/ and 22 percent of dually entitled survivors would get increased benefits compared to only 6 percent of persons getting only survivor benefits.

39/ Widows who receive only worker's benefits are a small and relatively atypical group. They have lower average benefits than other widows mainly because their deceased husbands had unusually low (for married men) earnings under Social Security. This is true not only for the projected 2030 population, but also for the current Social Security beneficiary population.

- Persons entitled to only survivor benefits 40/ would suffer bigger losses than persons in other categories.

- Eighty percent of persons getting survivor only benefits would receive benefits equal to present law, largely because of the transitional guarantee, compared to 63 percent of the dually entitled and only 40 percent of the worker only survivors.

Would the Generic Earnings Sharing Plan Expand Protection to Close the "Widow's Gap"?

The other standard for evaluation applying to widow's benefits is to expand protection to eliminate the "widow's gap"--the period after the death of the spouse or the time the youngest child reaches age 16 and before the widow is old enough to receive Social Security benefits. The generic earnings sharing plan would not meet this objective, and would, in fact, exacerbate the problem because child-in-care benefits for surviving spouses and benefits for widows age 60-61 would be eliminated. (Under the generic earnings sharing plan, widows would be treated as retired workers and benefits therefore would be first available at age 62.)

- Sixty-three percent of widows age 60-61 in 2030 would not be eligible for present law widow's benefits under the generic earnings sharing plan because they were not married before 1990 and thus would not qualify for the present law guarantee.

- Of those age 60-61 who would be eligible for benefits, slightly more than half would be eligible for the present law widow's benefits (under the guarantee) and the remainder would be entitled to benefits as disabled workers.

40/ This group is projected to make up a much smaller part of the population in 2030 than now. The reason for this is that, under the projections, almost all women are expected to work long enough to be insured for worker's benefits. However, most widows are expected to be dually entitled because, even though they work, their earnings are projected to be less than their husband's earnings. Also, in the simulation all widows are assumed to apply for worker's benefits even if they are already receiving a larger survivor's benefit. Many widows who currently receive only survivor's benefits would actually be dually entitled, but they have not bothered to apply for their worker's benefit because doing so would not increase their total benefit.

What Would Be the Effect of Generic Earnings Sharing on Widowers?

Among widowed men age 62 or older in 2030, 64 percent would receive higher benefits than under present law--an average increase for those who gain of 8 percent. This increase would be due to the fact that they could inherit credits from their deceased wives for years of marriage, whereas under present law their potential surviving spouse's benefits would generally be offset by their higher worker's benefits. On the other hand, 8 percent of widowed men would get lower benefits than under present law. The most likely reason for losses among widowed men is that they were previously married and shared earnings with an ex-spouse who is still alive. In fact, among widowed men who were married only once, 72 percent would get increased benefits and none would get decreased benefits, while among widowers who were married more than once and have at least one ex-spouse still alive, 28 percent would get decreased benefits.

Disabled People

The standard for evaluation that has been identified that relates to disability benefits directly is that disability protection should be extended to homemakers. Another standard, that of providing increased protection for women who are out of the paid labor force due to childcare and/or homemaking responsibilities, is related to disability benefits as well as to retirement benefits.

Before we discuss how well the generic earnings sharing plan would deal with these standards, it should be noted that the simulations show that a much higher proportion of women would qualify for present law disabled worker's benefits based on their own work in 2030 than qualify now. In 1980, more than twice as many men were receiving benefits as disabled workers than were women. By 2030, our projections show that almost as many women as men would qualify for disabled worker's benefits under present law. The reason for this increase in the number of women who would qualify for disabled worker's benefits is the much higher labor force participation rates for women projected under the simulation model. Women are projected to work much more regularly than they do now and, thus, they would be more likely to be insured for disability benefits based only on their own earnings.

Would the Generic Earnings Sharing Plan Expand Coverage to Provide Disability Protection for Homemakers?

The generic earnings sharing plan would provide disability protection for some homemakers even though most women could qualify for disability benefits on the basis of their own earnings in 2030.

- Of all adults who would gain eligibility for benefits due to the generic earnings sharing plan, about three-fourths would be women and over 70 percent of these women would be disabled worker beneficiaries. (About 382,000 disabled women would be added to the nearly 2.1 million women already receiving disability benefits based on their own earnings before sharing.)

In addition, the plan would increase the amount of disability benefits for most women disabled workers.

- Eighty-nine percent of married women disabled workers and 80 percent of previously married (widowed or divorced) women disabled workers would get increased benefits under the plan.
- Married women disabled workers who gain would get average increases in disability benefits of 43 percent while previously married women who gain would get a 29-percent increase on average.
- However, 9 percent of married women disabled workers and 15 percent of previously married women disabled workers would get decreased benefits. The average decrease for the married women who would get lower benefits would be 11 percent, while the average decrease for previously married women who would get lower benefits would be 5 percent.

While the generic earnings sharing plan would increase disability benefits for women and expand disability protection to include previously unprotected women, disabled men would lose under the plan.

- Eighty-nine percent of married male disabled workers would receive lower benefits than under present law, and the average loss would be 18 percent.
- Sixty-nine percent of previously married (divorced or widowed) male disabled workers would receive lower benefits, and the average loss would be 13 percent.

Since men are projected to continue to have higher earnings than their wives, the disability of the husband likely would cause a larger reduction in the money income for a household than the disability of the wife. However, the higher earner's disability insurance benefits in these cases and his family's benefits would be lower than present law because they would be based on shared earnings. Over 70 percent of families 41/ of disabled workers in which children would be entitled to benefits are projected to be families of male disabled workers, and the overwhelming majority of these families would get decreased benefits under the generic earnings sharing plan.

Alternative Method of Providing Disability Protection

The generic earnings sharing plan would reduce benefits for disabled married men, who are likely to be the sole or main source of monetary support for their families, and would increase benefits for disabled married females who may contribute mainly nonmonetary services to their families or who may be secondary earners. Proposals have been made to revise earnings sharing for married people so that higher disability benefits would continue to be paid in cases in which the family has lost a source of monetary support rather than in which the family has lost nonmonetary services. In earnings sharing plans studied in the past (for example, the plan studied by the 1979 Advisory Council and the plan studied in *Social Security and the Changing Roles of Men and Women*), the cost of providing disability protection for homemakers has been estimated to make up a large part of the total cost of earnings sharing. Senator Cranston, the author of the amendment requiring this study, requested that the cost of providing homemaker disability benefits be analyzed in this report. In order to get a current estimate of the cost of disability protection for homemakers under an earnings sharing plan and the effects of not providing such protection, an alternative disability provision was analyzed.

Under this alternative, earnings would not be shared for years of a current marriage for purposes of determining eligibility for, or the amount of, disability benefits for either spouse. However, disability benefits would take account of earnings shared from a prior marriage that ended in divorce or earnings inherited from a prior marriage that ended in death. This method would maintain benefits closer to present law levels for married male disabled workers, especially those who had been married only once, and would limit increases to married female disabled workers. The alternative would also largely prevent disabled homemakers (i.e.,

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41/ For purposes of these data, a family is considered to be an unmarried individual or a couple and any of their minor children living in the same household. Thus, for example, a disabled man and his beneficiary children who live with his ex-wife would count as two families.

women with no earnings credits prior to sharing) from becoming newly eligible for disability benefits. Thus, this alternative method would sacrifice expanded disability protection for homemakers in order to maintain more closely the level of benefits paid under present law. The net long-range cost of the generic earnings sharing plan using transition I and the alternative method of providing disability protection would be 0.37 percent of taxable payroll, compared to 0.35 percent with the primary method of providing disability protection.

- Under this alternative, 57 percent of married women disabled workers (compared to 89 percent under the generic plan) would get increased benefits and the increases would average 31 percent (compared to 43 percent under the generic plan).

- Under the alternative, 45 percent of married male disabled workers (compared to 89 percent under the generic plan) would get lower benefits and the loss would average 12 percent (compared to 18 percent under the generic plan). These losses would be caused mainly by earnings sharing in prior marriages that ended in divorce.

A much lower number of adults would gain eligibility for disability benefits under this plan than under generic earnings sharing. As shown in the table below, most of the women who would fail to gain eligibility for disability benefits under the alternative would be married women. Divorced women would continue to gain eligibility for disability benefits based on earnings sharing at divorce, as would divorced men.

Persons Who Become Disability Beneficiaries Because of Earnings Sharing in 2030 By Marital Status

	Generic Plan		Alternative Plan	
	Men	Women	Men	Women
Total Number	108	382	17	37
% Distribution				
Married	85%	95%	0%	44%
Widowed	0	0	0	0
Divorced	15	5	100	56

As stated before, because under the simulation almost all women (and men) would be eligible for disabled worker's benefits on the basis of their own work in 2030, earnings sharing for purposes of eligibility for, and the amount of, disability benefits would have a smaller effect than might be expected and, consequently, a smaller cost than previous estimates. In addition, it should be noted that it is particularly difficult to simulate the incidence of disability. Thus, the distributional effects of earnings sharing on disability beneficiaries are more uncertain than the simulation of the effects on retirement beneficiaries.

Children

Generally, under the generic earnings sharing plan children of divorced, retired or disabled primary workers would receive lower benefits than under present law since the benefits would be based on an earnings record diminished by earnings sharing. On the other hand, benefits would be payable to children of age 62, disabled or deceased homemakers even though no earnings would be lost, and increased benefits would be provided for children of secondary retired, disabled or deceased earners. (The projections show that 43 percent of families with children would be survivor families, 30 percent would be families of disabled workers and the remaining 27 percent would be families of retired workers.)

Although the generic earnings sharing plan would result in increased benefits for most children who are entitled to benefits on the basis of their mothers' records, it also would result in decreased benefits for children entitled on the basis of their fathers' records. Because most of the children who would get benefits were projected to be entitled based on their fathers' records, the generic earnings sharing plan would have a negative effect on benefit levels for children overall.

- To illustrate, 71 percent of survivor families with only child beneficiaries in which the children would be receiving benefits based on their fathers' records would receive benefits which are, on average, 18 percent lower than present law benefits.

- On the other hand, 87 percent of such families who would receive benefits based on their mothers' earnings records would receive an average increase of 41 percent under the plan.

- Sixty-one percent of families of retired workers with child beneficiaries and no spouse beneficiaries would receive an average benefit which would be 11 percent lower than under present law. In a vast majority (96 percent) of these families, the children would be eligible on their fathers' records and therefore would receive lower benefits because the earnings records had been lowered due to shared earnings.

- Eighty-eight percent of families of disabled women with child beneficiaries and no spouse beneficiaries would gain an average of 45 percent over their present law benefits. This would occur because of the higher earnings records of these women due to shared earnings.
- On the other hand, 78 percent of such families of disabled men would receive benefits on average 18 percent lower than under present law.

CONCLUSION

Although the long-range cost of the generic earnings sharing plan would be relatively moderate when compared to the cost of the earnings sharing plans described in the following chapter, the overall success of generic earnings sharing in dealing with the standards of evaluation that have been identified would be mixed. In general, the generic plan would equalize benefits for one- and two-earner couples with the same earnings and the same years of marriage. This result would be achieved primarily by reducing benefits for one-earner couples, although some two-earner couples would get increases because of increased weighting. The plan also would be fairly effective in increasing benefits for married women and for divorced women whose ex-spouses were still alive. (This increase would be at the expense of their husbands or ex-husbands.)

The generic earnings sharing plan would be less effective in increasing benefits for widows or divorced women whose ex-spouses were dead, and the plan would exacerbate the issue of the "widow's gap." Further, although the generic earnings sharing plan would be effective in expanding coverage for disabled homemakers and their families, such expansion would be at the expense of male disabled workers and their families. (The alternative method of providing disability benefits would increase disability protection only for women who were not currently married. However, it would maintain higher benefits for married male disabled workers. Substituting the alternative method of providing disability protection would increase the long-range cost of the plan.) Likewise, although the generic plan would increase benefits for children entitled on their mothers' records, it would result in reduced benefits for children entitled on their fathers' records and many more children would be entitled based on their fathers' records than on their mothers' records.

Tables with more detailed information on the distributional effects of the generic earnings sharing plan described in this chapter can be found immediately following this chapter. In addition, Appendix I contains tables showing additional breakdowns on the distributional effects of the generic earnings sharing plan in 2030 as well as a complete set of tables covering the effects of the plan in 2010. Some of the breakdowns that may be particularly interesting include the effects of earnings sharing on couples and individuals by prior marital history and the effect of earnings sharing by race. Further, Appendix J contains a basic set of tables on the distributional effects of the plan as projected under the alternate simulation model--MICROSIM.

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	2605	2485	3856	15337	5853	9515
% WITH NO CHANGE	16%	19%	4%	8%	28%	62%	15%	38%
% WITH INCREASES	40	37	14	87	64	25	19	50
GAIN 1-5%	15	20	4	4	27	5	10	9
GAIN 6-20%	14	15	7	18	29	12	7	23
GAIN 21+%	11	2	3	65	8	9	2	18
% WITH DECREASES	44	44	82	6	8	13	66	12
LOSE 1-5%	20	26	8	2	3	1	18	3
LOSE 6-20%	19	16	50	2	4	4	45	5
LOSE 21-99%	5	2	24	2	1	7	4	4
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$14597	$16921	$10687	$ 6137	$ 9865	$ 9293	$ 9740	$ 7649
% DIFF (PROPOSAL)	0.6%	-0.3%	-11.6%	36.0%	4.6%	0.1%	-5.5%	4.7%
GAINERS								
PRES LAW BEN.	$13619	$17452	$ 8340	$ 5814	$ 9635	$ 8596	$ 8092	$ 6668
% INCR (PROPOSAL)	11.4%	6.2%	16.2%	45.5%	8.4%	17.3%	7.8%	17.1%
LOSERS								
PRES LAW BEN.	$15145	$16761	$11100	$ 8321	$10365	$10464	$10407	$ 9216
% DECR (PROPOSAL)	-8.0%	-6.1%	-15.7%	-19.3%	-8.7%	-25.8%	-9.5%	-19.3%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 2

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	889	5363	7165	2605	2485
% WITH NO CHANGE	16%	19%	5%	14%	25%	4%	8%
% WITH INCREASES	40	37	9	32	44	14	87
GAIN 1-5%	15	20	6	18	23	4	4
GAIN 6-20%	14	15	2	13	17	7	18
GAIN 21+%	11	2	1	1	3	3	65
% WITH DECREASES	44	44	86	54	31	82	6
LOSE 1-5%	20	26	16	27	27	8	2
LOSE 6-20%	19	16	48	27	4	50	2
LOSE 21-99%	5	2	23	0	0	24	2
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$14597	$16921	$15721	$18014	$16245	$10687	$ 6137
% DIFF (PROPOSAL)	0.6%	-0.3%	-12.4%	-1.4%	2.0%	-11.6%	36.0%
GAINERS							
PRES LAW BEN.	$13619	$17452	$14726	$18161	$17135	$ 8340	$ 5814
% INCR (PROPOSAL)	11.4%	6.2%	6.5%	5.7%	6.6%	16.2%	45.5%
LOSERS							
PRES LAW BEN.	$15145	$16761	$15578	$17858	$15746	$11100	$ 8321
% DECR (PROPOSAL)	-8.0%	-6.1%	-15.1%	-5.9%	-3.2%	-15.7%	-19.3%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 3

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15462	619	29	4832	677	9308
% WITH NO CHANGE	6%	1%	71%	2%	61%	4%
% WITH INCREASES	84	72	14	89	23	86
GAIN 1-5%	5	5	0	3	1	7
GAIN 6-20%	25	19	14	20	13	29
GAIN 21+%	54	47	0	66	9	51
% WITH DECREASES	11	27	14	9	17	10
LOSE 1-5%	3	3	0	2	2	4
LOSE 6-20%	6	19	0	6	7	5
LOSE 21-99%	2	4	14	1	7	1
LOSE 100%	0	1	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 6126	$ 5005	$ 7328	$ 5425	$ 9728	$ 6297
% DIFF (PROPOSAL)	22.7%	17.9%	-2.8%	28.0%	-0.0%	23.2%
GAINERS						
PRES LAW BEN.	$ 5945	$ 5192	$ 4573	$ 5432	$ 7997	$ 6224
% INCR (PROPOSAL)	29.5%	28.0%	11.0%	32.6%	17.7%	28.3%
LOSERS						
PRES LAW BEN.	$ 6344	$ 4493	$ 6605	$ 5408	$10453	$ 6644
% DECR (PROPOSAL)	-11.0%	-12.3%	-29.3%	-10.8%	-18.7%	-9.3%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 4

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15889	274	4	29	21	15549
% WITH NO CHANGE	5%	0%	0%	0%	60%	5%
% WITH INCREASES	10	77	100	71	20	8
GAIN 1-5%	3	2	100	14	0	3
GAIN 6-20%	4	3	0	29	20	4
GAIN 21+%	2	73	0	29	0	1
% WITH DECREASES	86	23	0	29	20	87
LOSE 1-5%	9	0	0	0	0	9
LOSE 6-20%	61	5	0	14	20	62
LOSE 21-99%	16	18	0	14	0	16
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$10784	$ 2653	$ 5167	$ 5001	$ 6173	$10953
% DIFF (PROPOSAL)	-11.4%	59.4%	4.0%	8.0%	-1.5%	-11.8%
GAINERS						
PRES LAW BEN.	$ 7268	$ 2748	$ 5167	$ 4789	$ 4737	$ 8121
% INCR (PROPOSAL)	12.9%	80.5%	4.0%	20.5%	12.6%	8.7%
LOSERS						
PRES LAW BEN.	$11253	$ 2332	$ 0	$ 5530	$ 6052	$11303
% DECR (PROPOSAL)	-13.7%	-25.8%	0.0%	-19.1%	-17.3%	-13.7%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 5

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	24850	9515	137	212	943	3644	4582	15337	1030	12841	1467
% WITH NO CHANGE	53%	38%	36%	63%	18%	65%	20%	62%	80%	63%	40%
% WITH INCREASES	34	50	58	6	69	18	73	25	6	22	59
GAIN 1-5%	6	9	0	2	4	4	14	5	2	4	10
GAIN 6-20%	16	23	15	2	26	9	35	12	3	11	23
GAIN 21+%	12	18	42	2	38	5	24	9	2	7	26
% WITH DECREASES	13	12	6	31	13	17	7	13	14	15	1
LOSE 1-5%	2	3	0	0	4	2	4	1	1	1	0
LOSE 6-20%	5	5	6	8	8	7	2	4	3	5	0
LOSE 21-99%	6	4	0	18	1	8	0	7	7	8	0
LOSE 100%	0	0	0	6	0	0	0	0	2	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 8664	$ 7649	$ 4682	$ 8515	$ 5730	$ 9380	$ 6712	$ 9293	$ 8920	$ 9604	$ 6827
% DIFF (PROPOSAL)	1.6%	4.7%	12.3%	-11.5%	15.3%	-2.2%	11.2%	0.1%	-4.6%	-0.6%	13.2%
GAINERS											
PRES LAW BEN.	$ 7527	$ 6668	$ 4192	$ 6688	$ 5648	$ 8147	$ 6641	$ 8596	$ 9670	$ 8857	$ 7659
% INCR (PROPOSAL)	17.2%	17.1%	26.5%	22.3%	24.5%	16.1%	15.9%	17.3%	14.8%	16.7%	19.9%
LOSERS											
PRES LAW BEN.	$10020	$ 9216	$ 5751	$ 8768	$ 5887	$10678	$ 7832	$10464	$ 9568	$10540	$ 8303
% DECR (PROPOSAL)	-23.7%	-19.3%	-18.0%	-38.9%	-9.3%	-24.1%	-4.7%	-25.8%	-38.1%	-25.0%	-6.5%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 6

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	19435	15516	179	490	4080	10769	3922	66	145	1030	2680
% WITH NO CHANGE	55%	61%	19%	14%	35%	74%	28%	13%	14%	18%	33%
% WITH INCREASES	33	25	16	74	45	15	63	19	69	70	62
GAIN 1-5%	9	5	0	4	7	4	27	6	26	23	29
GAIN 6-20%	15	12	2	32	20	7	28	6	17	32	28
GAIN 21+%	9	9	14	37	17	4	8	6	26	16	4
% WITH DECREASES	13	14	65	12	20	11	9	69	17	12	6
LOSE 1-5%	2	1	2	0	3	1	3	0	3	4	2
LOSE 6-20%	4	4	0	8	8	3	4	6	14	7	3
LOSE 21-99%	6	7	0	3	9	7	1	0	0	1	0
LOSE 100%	1	1	63	2	0	0	1	63	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9392	$ 9285	$ 8533	$ 8485	$10067	$ 9035	$ 9810	$ 6644	$ 9814	$10504	$ 9623
% DIFF (PROPOSAL)	0.5%	-0.5%	-51.9%	14.7%	2.4%	-1.5%	4.1%	-40.7%	6.9%	6.1%	3.9%
GAINERS											
PRES LAW BEN.	$ 9017	$ 8609	$10293	$ 8302	$ 8978	$ 8238	$ 9647	$12095	$ 8717	$10098	$ 9488
% INCR (PROPOSAL)	13.7%	17.6%	50.0%	24.1%	18.4%	14.4%	8.4%	12.9%	13.8%	10.6%	7.1%
LOSERS											
PRES LAW BEN.	$10252	$10349	$ 8325	$ 8903	$10906	$10224	$ 9650	$ 4902	$10667	$10838	$ 9957
% DECR (PROPOSAL)	-26.9%	-28.9%	-97.1%	-21.8%	-22.2%	-28.8%	-14.0%	-88.9%	-9.0%	-9.6%	-7.8%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 7

EFFECT OF EARNINGS SHARING ON
DISABLED WORKERS AND RETIRED WORKERS
(BENEFIT IS ALL BENEFITS FOR PERSONS RECEIVING WORKER BENEFITS)

	DISABLED WORKERS					RETIRED WORKERS				
		MARRIED		PREV-MARRIED			MARRIED		PREV-MARRIED	
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5255	1662	1433	769	656	67630	15075	14444	9287	23210
% WITH NO CHANGE	18%	4%	2%	8%	6%	31%	5%	6%	21%	52%
% WITH INCREASES	40	8	89	23	80	37	8	84	37	35
GAIN 1-5%	4	2	6	8	8	6	3	5	17	6
GAIN 6-20%	11	5	17	10	25	14	4	25	16	17
GAIN 21+%	25	1	66	5	47	16	1	54	4	12
% WITH DECREASES	42	89	9	69	15	32	87	10	43	13
LOSE 1-5%	5	4	4	11	9	5	9	3	12	2
LOSE 6-20%	24	50	4	42	6	20	62	5	28	5
LOSE 21-99%	13	34	1	16	0	6	15	1	2	6
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$10480	$12893	$ 7879	$11909	$ 8935	$ 8652	$10854	$ 6117	$ 9809	$ 8669
% DIFF (PROPOSAL)	2.3%	-15.9%	36.2%	-7.6%	21.7%	0.6%	-11.6%	22.8%	-1.4%	1.7%
GAINERS										
PRES LAW BEN.	$ 8188	$ 9564	$ 7657	$ 9630	$ 8676	$ 6996	$ 7960	$ 5916	$ 9257	$ 7502
% INCR (PROPOSAL)	34.0%	9.3%	43.1%	12.0%	29.1%	19.9%	8.9%	29.4%	7.7%	16.8%
LOSERS										
PRES LAW BEN.	$12819	$13323	$ 9551	$12673	$10290	$10584	$11219	$ 6477	$10342	$10067
% DECR (PROPOSAL)	-16.1%	-17.9%	-10.6%	-13.4%	-5.2%	-13.9%	-13.5%	-10.8%	-9.2%	-23.0%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 8

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN		
		DISABLED		RETIRED				
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
TOTAL NUMBER (IN 000'S)	727	108	382	79	158	266	37	229
% DISTRIBUTION BY MARITAL STATUS								
MARRIED	87%	85%	95%	53%	89%	0%	0%	0%
WIDOWED	1	0	0	5	0	0	0	0
DIVORCED	12	15	5	42	11	0	0	0
NEVER MARRIED	0	0	0	0	0	100	100	100

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 9

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	13414	3365	3353	3378	3324
AVG. PRES LAW BEN (1984 $)	$16921	$11425	$15400	$18313	$22579
% WHO WOULD GAIN	37%	29%	33%	38%	46%
% WHO WOULD LOSE	44%	44%	48%	46%	38%
% DIFF IN AVG BEN	-0.3%	0.4%	-0.9%	-0.5%	-0.0%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	15337	3860	3764	3914	3806
AVG. PRES LAW BEN (1984 $)	$ 9293	$ 5734	$ 8149	$10060	$13233
% WHO WOULD GAIN	25%	31%	30%	23%	16%
% WHO WOULD LOSE	13%	7%	11%	14%	22%
% DIFF IN AVG BEN	0.1%	4.5%	3.1%	0.9%	-4.3%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	3856	951	976	968	960
AVG. PRES LAW BEN (1984 $)	$ 9865	$ 5868	$ 8571	$10655	$14350
% WHO WOULD GAIN	64%	69%	66%	66%	57%
% WHO WOULD LOSE	8%	6%	7%	10%	9%
% DIFF IN AVG BEN	4.6%	9.6%	6.3%	3.9%	2.1%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	9515	2443	2347	2356	2372
AVG. PRES LAW BEN (1984 $)	$ 7648	$ 4595	$ 6373	$ 8183	$11519
% WHO WOULD GAIN	50%	68%	63%	44%	23%
% WHO WOULD LOSE	12%	7%	6%	13%	22%
% DIFF IN AVG BEN	4.7%	15.2%	10.6%	4.7%	-3.0%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5853	1458	1467	1446	1483
AVG. PRES LAW BEN (1984 $)	$ 9740	$ 5628	$ 8496	$10734	$14042
% WHO WOULD GAIN	19%	32%	20%	14%	9%
% WHO WOULD LOSE	66%	44%	65%	76%	79%
% DIFF IN AVG BEN	-5.5%	-0.4%	-4.9%	-6.9%	-6.6%

CHAPTER IV
VARIATIONS ON EARNINGS SHARING

OVERVIEW

This chapter presents two variations on the earnings sharing idea that are designed to illustrate some of the different ways that an earnings sharing plan could be designed to achieve different goals.

The first variation of earnings sharing adds to the generic plan some protections for vulnerable groups and modifies the generic plan for intact married couples to avoid the anomalous results produced by the generic plan when only one member of the couple is receiving benefits.

The second variation of earnings sharing presented is a so-called "no-loser" plan. It is an example of the kind of plan that would be needed to guarantee that benefits under an earnings sharing plan always would be at least as high as benefits under present law for people who would become eligible for benefits in the distant future as well as for those who would become eligible during the transition period.

As required by the mandate, the earnings sharing plans contained in S. 3, H.R. 1513, and the 1979 report, Social Security and the Changing Roles of Men and Women were evaluated during the preparation of this report. However, none of these plans is complete. All would need significant changes and/or additions before they could be considered detailed enough to allow analysis of distributional effects and cost impact. Staff of the sponsors of the bills in question did not feel that they were in a position to develop the legislation further in the absence of additional knowledge about the policy choices that would be involved (which they hope to gain from this report). Thus, although it was not possible to analyze the specific plans mentioned in the mandate, the earnings sharing plans discussed in this report are closely patterned after these plans.

SECTION I
MODIFIED GENERIC EARNINGS SHARING PLAN

This section presents the general specifications for the modified generic plan. The differences between the specifications for the generic plan and the modified generic plan are emphasized and described. (Where there is no difference between the two plans the specifications are simply listed without discussion.) The description of the specifications is followed by an analysis of the distributional effects of the modified plan with emphasis on its success in meeting the standards identified in Chapter II. (Following sections deal in a similar fashion with the "no-loser" plan.)

GENERAL SPECIFICATIONS FOR THE MODIFIED GENERIC EARNINGS SHARING PLAN

Specification: For each year that a person works in employment covered by Social Security and is not married, earnings up to the contribution and benefit base for that year would be credited to his or her earnings record as under present law.

Specification: When a couple divorces or when both spouses have claimed Social Security retirement or disability benefits, the total Social Security earnings credits of the couple for each year of marriage would be combined and one-half the total would be credited to each spouse's earnings record. Earnings would also be shared when only one spouse claims disability benefits if doing so would result in a higher benefit.

Discussion: This plan differs from the generic earnings sharing plan in that earnings would not be shared year-by-year, but would be shared only at certain events. This method of sharing earnings would produce the same level of benefits as the generic plan for divorced people and for married couples who have both claimed benefits. It is intended, however, to affect benefits for some married people whose spouses have not claimed benefits. Under this method of sharing earnings, when only one spouse retires, the retirement benefit would be the same as under present law (assuming no previous marriages), because earnings would not be shared until the second spouse claims benefits. This would assure that present law benefit levels would be maintained when the higher or sole earner retires first. However, if earnings were not shared when only one spouse retires, benefits for married women workers (who are usually the lower earners in a couple) who retire before their husbands would not be increased, and married homemakers who reach retirement age before their spouses but who have not gained insured status on their own would not have Social Security protection.

This method of computing benefits would have some aspects that might be troublesome. First, if the adjudication of the claim of the second spouse who files for benefits were delayed for some reason (such as verification of a prior marriage) and the spouse was consequently due a retroactive payment, the spouse who was already receiving benefits would have been overpaid for the months in the retroactive period and would have to pay back the excess benefits. This would not generally be a problem if the married couple were living in the same household, since the overpayment could simply be deducted from the retroactive payment. However, if the spouses were separated, the overpaid spouse would have to repay the overpayment, which could be substantial. In addition, some couples could "game" the system to provide benefits for the homemaker or lower earner. If the higher earner applied for benefits, earnings sharing would be triggered. However, the higher earner could continue to work. As long as he or she earned enough that the benefit was entirely withheld under the earnings test, the benefit would be adjusted so that such months would not result in a permanent actuarial reduction.

Under this variation of earnings sharing, as under the generic plan, increased protection and benefits would be available for homemakers and married women workers who become disabled before their spouses reach retirement age (or become disabled), because earnings would be shared when one spouse claims disability benefits if a higher benefit amount would result. Unlike the generic plan, disability protection would not be reduced if the higher or sole earner was the spouse who was disabled because earnings sharing would not be triggered if a lower benefit would result.

Specification: **No auxiliary benefits would be payable to aged spouses or aged surviving spouses (including divorced and surviving divorced spouses). However, benefits for spouses based on caring for a child entitled to Social Security benefits (commonly referred to as child-in-care benefits) would be paid.**

Discussion: This plan differs from the generic plan in that child-in-care benefits would be provided. The addition of child-in-care benefits modifies the philosophy of earnings sharing to some extent because auxiliary benefits would be paid to adults based on their spouses' earnings. However, the argument that can be made for retaining such benefits is that childcare is an important social activity which contributes to the general well-being, and people should be able to choose to provide childcare without incurring economic losses.

Under this earnings sharing plan, receipt of child-in-care benefits might reduce the amount of the subsequent retirement benefits of these women. This could happen because the years that the beneficiary remained at home receiving such benefits probably would be zero (or low) earnings years that could reduce the average earnings figure used to compute eventual retirement or disability benefits.

Specification: **Earnings sharing would terminate when the first spouse becomes entitled to retirement or disability benefits.**

Discussion: This modification would require couples to share earnings up to the year in which one spouse becomes entitled to benefits rather than, as under the generic plan, up to the year in which one spouse reaches age 62 regardless of whether or not benefits were claimed. Thus, under this plan, some married couples would share earnings for additional years. Sharing these earnings would, in general, increase the eventual benefits for the lower earner and decrease the eventual benefits for the higher earner.

Since, under this plan, married couples would be able to control when earnings sharing would stop by choosing whether or not to apply for benefits, there is a possibility that certain couples could "game" the system by timing their applications in order to maximize their retirement benefits. For example, if a couple decided they could get higher total benefits by ending sharing when the first spouse reached age 62, one spouse could file an application, which would stop earnings sharing even though that spouse continued to work and had his or her benefits totally withheld under the earnings test.

Specification: **When one spouse (or former spouse) dies, the survivor would be credited with (or would "inherit") the total amount of the decedent's covered annual earnings for each year of marriage. (The combination of the survivor's and decedent's earnings credits could not exceed the contribution and benefit base in any year.)**

Specification: **If one member of a married couple is insured for retirement and/or disability benefits before sharing, both members would be considered insured after sharing--even if one spouse (or both spouses) would not have insured status on the basis of shared earnings credits.**

Discussion: Under the generic earnings sharing plan, a very small number of people could lose insured status (or fail to gain it) because insured status would be determined solely on the basis of shared earnings. This plan would eliminate the possibility that insured status could be lost when earnings credits were shared. This modification was included to assure that a person who was not insured based on shared earnings would become eligible for a benefit based on marriage to an insured worker (in much the same way as a spouse gets an auxiliary benefit under present law on the basis of marriage to an insured worker).

Specification: **In general, benefits for children entitled on the basis of one parent's record would be based on the retired, disabled or deceased parent's record. (The parent's record might or might not contain shared or inherited earnings depending on whether the parent had been married before and whether earnings** had been shared for the current marriage when the child comes on the rolls.) However, a special benefit would be paid to children of deceased homemakers. This benefit would be based on shared earnings for the years the homemaker was married. Benefits for children entitled on the basis of both parents' records would be based on the total earnings credits of both parents up to the contribution and benefit base each year. Generally, the maximum family benefit would be based on the record used to pay benefits to the children. (More specific information concerning the way the maximum family benefit would work under this plan can be found in Appendix F.)

Discussion: Although the way benefits would be determined under this plan for children in situations in which only one parent was entitled to Social Security is similar to the generic earnings sharing plan, the results would be different because the rules governing when to share earnings are different. The biggest effect of this difference can be seen in benefits that would be payable to children of retired workers. Under this plan, when only one parent was entitled, benefits for children of retirees would be approximately the same as under present law because earnings for married couples would not be shared until the second spouse claimed benefits. Thus, children of primary earners would not get lower benefits than under present law as they would under the generic earnings sharing plan. On the other hand, children of secondary earners or homemakers would not get higher benefits than under present law as they would under the generic plan. (However, if the homemaker or lower earner became disabled, earnings would be shared and benefits based on these shared earnings would be paid to children.) Under a special rule, benefits would be provided for children of deceased homemakers. 42/ These benefits would be based on one-half of the surviving worker's earnings credits for the years of marriage. (Although the amount of this benefit would be based on shared earnings, earnings credits would not actually be taken from the survivor's record.)

The modified plan differs from the generic plan with respect to treatment of a child who is entitled on both parents' records. Under this plan, the child would be entitled to one benefit based on the parents' combined earnings credits. Under the generic plan, the child would be entitled to two benefits, each based on half the total credits, but these two benefits would offset each other under the dual entitlement provision.

42/ In order to get the most favorable results, the simulation reflects payment of special benefits for the children of all deceased lower earners.

Specification: An "adjustment benefit" equal to 71.5 percent of the basic benefit amount based on the deceased worker's record would be payable to a surviving spouse (or surviving divorced spouse) for up to 24 consecutive months after the worker's death and before the surviving spouse reaches age 62.

Discussion: This benefit was included in the plan primarily to provide a source of support for surviving homemakers while they equip themselves to earn a living. The benefit would provide this support and would do so without causing any permanent actuarial reduction in eventual retirement benefits. In addition, since the adjustment benefit could be elected for any 2-year period after the worker's death, it would help to address the issue of the "widow's gap" (see Issues section of Chapter I) by giving the surviving spouse a source of income at a time when he or she may especially need it.

Further, this benefit could compensate for the fact that, with the elimination of auxiliary benefits under earnings sharing, benefits would first be payable to surviving spouses as workers at age 62 (rather than as widow(er)s at age 60 as under present law). The adjustment benefit would allow a surviving spouse to continue to elect benefits as early as age 60 and thus would eliminate a disadvantage of earnings sharing for survivors.

Specification: For married couples who have both covered and noncovered earnings, the covered earnings of the couple would be shared only to the extent that they exceed the noncovered earnings of the couple. 43/

Discussion: This provision would guard against the possibility that a low earning spouse in employment covered by Social Security would have to give half of his or her earnings credits to his or her higher earning partner who works in employment not covered by Social Security. While this would be a problem during the transitional period, due to the extensions of Social Security coverage to new Federal employees and to employees of nonprofit organizations that were included in the 1983 Social Security amendments, the problems caused under earnings sharing by spouses who work in noncovered employment could be expected to decline substantially by the time earnings sharing would be fully effective. The only group whose work would not be covered would be some State and local government employees. The size of the

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43/ The modified plan also includes a special provision that would replace the current windfall provision for people entitled to both Social Security benefits and pensions based on noncovered earnings. See Appendix F for the detailed specification concerning noncovered earnings.

problem can be demonstrated by the fact that, in 1983, State and local employees whose work was not covered represented 3.85 million of a total of 13.2 million State and local employees (out of a total workforce of almost 100 million).

Specification: **A special minimum childcare provision would be used to compute benefits if doing so would result in a higher benefit. This provision is similar to the current law special minimum provision, 44/ with the following exceptions:**

- **Five additional years of coverage could be counted for a total of 35, rather than 30, years of coverage.**
- **Up to 10 years could be counted as years of coverage if the person had a child (of his or her own or of his or her spouse) under age 6 living with him or her substantially throughout the year and had total covered and noncovered earnings less than the amount needed for a year of coverage.**
- **For years prior to 1990, the minimum earnings required for a year of coverage would be the same as the current law definition of a year of coverage--one-fourth of the contribution and benefit base that would have applied for that year absent the ad hoc increases in the base enacted in 1977. For 1990 and later, the minimum earnings required for a year of coverage would equal one-eighth of this amount.**
- **For years prior to 1990, a year of coverage would be based on an individual's own earnings. For 1990 and later, a year of coverage would be based on the earnings credited to the person's record including shared and inherited earnings.**

44/ The special minimum benefit provision was enacted in 1972 to increase protection for low-paid, long-term workers under Social Security who might otherwise have to turn to a welfare program to supplement their income after retirement or disability. The amount of the special minimum benefit is derived from a benefit table in the law; as of December 1984 it is equal to about $18.47 multiplied by the number of years of the person's covered work in excess of 10 and up to a maximum of 30. Effective with the benefit increase in June 1979, the special minimum benefit is kept up to date with prices, both for new beneficiaries and for people already on the rolls. In general, a year of coverage is a year in which earnings are at or above 25 percent of the Social Security contribution and benefit base.

- For years prior to the year of eligibility, the special minimum amounts granted for each year of coverage in excess of 10 (currently about $18.47) would rise at the same rate as the bend points in the regular benefit formula; that is, according to wage increases. Thereafter, the special minimum benefit would be adjusted by price increases as under present law.

Discussion: The special minimum childcare credit provision was originally developed by the 1980 National Commission on Social Security as an incremental change to present law. The childcare credit years were added to the special minimum to fill gaps in women's earnings records that had occurred due to childcare responsibilities.

Under an earnings sharing system, these gaps generally would be filled by sharing earnings credits between husbands and wives. However, under this plan, some women who would elect to receive child-in-care benefits when their spouses retire, die or become disabled could have gaps in their earnings records that would not be filled by sharing earnings credits. The special minimum childcare provision would assure that women with relatively low lifetime earnings would not be disadvantaged due to receipt of child-in-care benefits.

However, this provision would have much broader effects than simply protection of low-income women who receive child-in-care benefits. The major effect of this special provision would be increased benefits for married couples who have lifetimes of low wages. These increases would be due to the 5 additional years of coverage that would be countable under the special minimum provision and the provision for indexing the amount of the increment. These effects would be independent of earnings sharing and would occur if such a special minimum provision were enacted without earnings sharing. (See Chapter VII for a full discussion of the effects of such a special minimum childcare provision under present law.)

In addition, to assure that earnings sharing could not result in the loss of a year of coverage by any worker who would have earned a year of coverage under present law, the amount needed for a year of coverage under the special minimum would be halved once earnings sharing was implemented. Thus, a year of coverage could be earned based on a mimumum of one-eighth rather than one-fourth of the contribution and benefit base.

COST OF THE MODIFIED GENERIC PLAN

The long-range net cost of the modified generic plan using transition I would be 0.73 percent of taxable payroll (or about $11.7 billion per year, in terms of 1984 taxable payroll). 45/ The table below shows the breakdown of this cost into 25-year periods.

Net Cost of The Modified Generic Plan as a Percent of Taxable Payroll a/

1984-2008	2009-2033	2034-2058	Total 1984-2058
0.10	0.75	1.34	0.73

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a/ Net cost is defined as the additional cost minus the additional income due to the taxation of benfits provision. The cost is based on the Alternative II-B assumptions of the 1984 Trustees Report.

45/ See Chapter V for a full discussion of the transition.

SUCCESS OF THE MODIFIED GENERIC PLAN IN MEETING STANDARDS

This section analyzes how well the modified plan would meet the standards described in Chapter II. In performing this analysis: (1) we looked at the effects of the plan on the same sample population which is used to describe the effects of the generic earnings sharing plan, and (2) we used the same transitional provisions that were used in conjunction with the generic earnings sharing plan. Thus, any differences between the effects of this plan and the generic plan can be ascribed to differences between the basic specifications for the two plans. The following analysis focuses on the differences in the effects of the two plans and especially on how effective the modifications included in the plan would be in protecting certain groups. In places where the effects of this plan would be similar to the effects of the generic plan, the analysis in the previous chapter is not repeated. The format in this chapter is the same as in Chapter III, and the same tabular data have been included to facilitate comparisons between the various earnings sharing plans.

This plan includes several provisions designed to protect specific groups of people. The biggest change from the generic plan is the addition of the childcare special minimum provision. This provision is designed to enhance the protection provided by the regular special minimum for long-term, low-paid people by adding protection for such people who also have years of zero earnings due to childcare. In addition, the modified plan contains an adjustment benefit to provide greater protection for widow(er)s under age 62, a provision to maintain close to present law benefit levels for married retired or disabled workers whose spouses have not claimed Social Security benefits and a provision to increase benefits for children. The analysis in this section will concentrate on how these provisions result in distributional effects that differ from the effects of the generic earnings sharing plan.

Married People

The provisions of the modified plan governing earnings sharing benefits for couples in which both are receiving benefits are very similar to the provisions of the generic earnings sharing plan, except that, under this plan, earnings could be shared until the first spouse actually claimed benefits, instead of only to age 62 as under the generic plan. In addition, the special minimum childcare provision included in the plan, although not specifically aimed at benefits for married couples, would have a strong influence on benefit levels for married couples.

Would the Modified Earnings Sharing Plan Equalize Benefits for One- and Two-Earner Couples?

As with any earnings sharing plan, the modified generic earnings sharing plan would equalize benefits between one- and two-earner couples. Couples in which the wife would receive a spouse's benefit (or a partial spouse's benefit) under present law would be likely to receive lower benefits than under present law. As under the generic plan, some two-earner couples would get increased benefits and some would get decreased benefits depending on how the earnings were divided between the spouses and the effect of the weighted benefit formula.

When we examine the effects of the modified plan on couple's benefits, we see that there would be a much greater change in the distribution of benefits compared to the generic plan than could be accounted for by the relatively minor difference, noted above, in when earnings would be shared. This difference is due mainly to the special minimum childcare provision in the modified plan, which would mitigate the losses that could be expected for couples who have low average lifetime earnings. The special minimum provision would make the biggest difference, on average, for couples in which the wife would receive a spouse's benefit only because these are the couples who would have the lowest average benefits under present law. The provision would have the least effect on couples in which the wife would be dually entitled to wife's and worker's benefits because these are the couples who would have the highest average benefits under present law.

Overall, as shown in the table below, benefits for aged couples in which both receive benefits would be increased by an average of 2 percent.

- Fifty percent would receive higher total benefits, with an average increase of 7 percent.
- Thirty-four percent would receive lower total benefits, with an average decrease of 5 percent.

Total Benefits for Aged Couples in 2030 Both Receiving Benefits By Wife's Entitlement Status a/

			Worker Beneficiary	
	Total	Wife Spouse Benefits Only	Wife Dual	Wife Worker Only
Receive Present Law	13414	889	5363	7165
% with no change	16%	15%	14%	18%
% with increases	50	23	39	62
Average % gain	7	9	6	7
% with decreases	34	61	47	20
Average % loss	-5	-7	-6	-3
Total average difference	2	-3	0	4

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a/ In this table and all subsequent tables, the number of beneficiaries is in thousands and percents are rounded to the nearest percent.

Under generic earnings sharing, 37 percent of couples would get increased benefits, while 44 percent would get lower benefits. Simulating the modified plan without the special minimum childcare provision produces virtually identical effects. Consequently, it is the special minimum childcare provision that would produce higher benefits for many couples and that would also reduce the number of couples who would receive lower benefits as a result of earnings sharing under the modified plan.

The effect of the special minimum childcare provision on couple's benefits is further illustrated by the fact that 19 percent of couples who would have benefits in 2030 that fall in the lowest quartile (average present law benefits of $11,425 a year) would get lower benefits under the modified plan compared to 44 percent of such couples under the generic plan. On the other hand, the percent of couples with benefits in the highest quartile (average present law benefits of $22,579 a year) who would get lower benefits under the modified plan (37 percent) is almost the same as the percent of such couples who would get lower benefits under the generic plan (38 percent).

As shown in the table above, even with the special minimum childcare provision, the modified plan, like the generic earnings sharing plan, would have differing effects on couples depending on the present law beneficiary status of the lower earner, usually the wife.

- As the table indicates, because of the elimination of the spouse's benefits, couples in which the wife would receive only a present law spouse's benefit or would be dually entitled to a worker's benefit and a partial spouse's benefit would be more likely to receive lower benefits than would couples in which the wife would get only a present law worker's benefit.
    - Sixty-one percent of couples in which the wife would receive only a spouse's benefit and 47 percent of couples in which the wife would be dually entitled would receive lower benefits under this plan, compared to only 20 percent of couples in which the wife would receive only a worker's benefit.
- Couples in which the wife would receive only a present law worker's benefit would be more likely to receive higher benefits.
    - Sixty-two percent of such couples would get increases under the modified plan compared to 44 percent under the generic plan. The difference is due mainly to the special minimum childcare provision.

Would the Modified Earnings Sharing Plan Increase Benefits for Women Who Take Time Out of the Paid Labor Force?

As indicated in the table below, the effects of the modified plan would be similar to the effects of generic earnings sharing in this regard. In general, married women would fare considerably better than under present law, and women who would receive a worker's benefit under present law would be more likely to get increases due to earnings sharing than would women who would get only a spouse's benefit.

Married Women Age 62 and Over in 2030
By Present Law Beneficiary Status

	Spouse Benefit Only	Worker Beneficiary	
		Spouse Dual	Worker Only
Receive Present Law	619	4832	9308
% with no change	1%	1%	6%
% with increases	74	90	86
Average % gain	34	35	29
% with decreases	25	8	7
Average % loss	-11	-10	-8
Total average difference	23	31	24

Under the modified plan, as under the generic plan, the increased benefits for married women would be at the expense of married men, although the special minimum provision would act to reduce, to some degree, such losses.

- Seventy-five percent of married men (compared to 86 percent under the generic earnings sharing plan) would receive lower benefits than under present law. On average, married men would lose slightly less (9 percent compared to 11 percent) of their benefits.

Thus, the modified plan would have the expected results on benefits for married people. Married women would get higher benefits, married men would get lower benefits and married couples with similar earnings would receive benefits which are more nearly equal. The decreases resulting from eliminating the spouse's benefit that are inherent in earnings sharing, however, would be offset, for couples with low lifetime earnings, by the special minimum provision with the overall result that benefits for married couples would increase an average of 3 percent overall.

In addition to these effects, the modified plan would have an impact on benefits for married couples in which only one spouse would receive benefits under present law. As noted earlier, the modified plan is designed to assure that benefit levels would be close to present law when only one spouse had claimed retirement benefits. This effect would be achieved by not sharing earnings until both spouses had filed for benefits. Thus, if the higher earner filed first, the benefit (usually that of the husband) would not be reduced by sharing and, if the lower earner (or nonearner) filed first, benefits would not be paid when there would be little (or no) loss of income to the household.

- o As expected, the percentage of couples receiving benefits lower than present law benefits when only the husband was receiving benefits would decline substantially from 82 percent under the generic plan to 39 percent under the modified plan. 46/

Although one would expect that the percentage of couples who would get increased benefits under the generic plan when only the wife was receiving benefits would also decline under the modified plan, this would not be the case.

- o Seventy-nine percent of couples in which only the wife was receiving benefits would get increased benefits under the modified plan--only slightly less than the 87 percent who would get increased benefits under the generic plan.

The reason for this unexpected result lies in the assumptions made in devising the simulation model. The model is based on the assumption that an individual would apply for Social Security benefits if he or she was age 62 and had earnings less than the exempt amount. In the case of a married couple, both members would apply for benefits at age 62 if one member had earnings less than the exempt amount. Thus, in the case of a married couple in which the wife was not working, and was old enough to receive retirement benefits, both spouses would apply for benefits. This would trigger earnings sharing and result in an increased benefit for the wife. If the husband continued to work and had his benefits withheld under the earnings test, his benefits would be recomputed at full retirement age to adjust any reduction factor to account for the months when his benefit was totally withheld. Thus, the assumptions do not result in a long-term disadvantage for the working spouse.

The assumptions made in the model are probably not unrealistic. It could be expected that a large proportion of couples, if not most couples, would act in a manner that would assure them the

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46/ Because of the assumption made under the simulation model that both members of a married couple would apply for benefits at age 62 if at least one of them has earnings less than the exempt amount, the number of married couples in which only the husband receives benefits who would have lower benefits under the modified plan may be overstated. Best estimates are that this number should be 20 percent lower.

highest total benefits, especially in cases where they were residing in the same household. Consequently, if one believes that it would be desirable to limit increases under earnings sharing for married couples to cases in which both spouses were retired, a much more complex provision would be needed. For example, a provision could be added that would restrict earnings sharing benefits to only those months in which both spouses actually would receive at least partial Social Security benefits. 47/ Alternatively, the law could be changed to eliminate recomputations at age 65 to take account of months of nonreceipt of benefits. Although the latter would be much easier to administer, it would also adversely affect people who simply returned to work after a period of retirement and had their benefits withheld due to excess earnings.

Divorced People

Except for the special minimum provision, divorced people generally would be treated the same way under the modified plan as they would be under the generic earnings sharing plan.

Would the Modified Plan Increase Benefits for Divorced Women?

As shown in the tables below, the modified plan, like the generic earnings sharing plan, would increase benefits for some divorced women. Although the special minimum provision of this plan would increase slightly the percent of women who would get higher benefits under earnings sharing, most of the women in this increased number would be women who would have had no change in benefits under the generic earnings sharing plan because they were protected by the present law transitional guarantee. The divorced women who would get lower benefits represent approximately the same proportion of all divorced women as under the generic plan. Although the modified plan would not reduce significantly the number of divorced women who would get lower benefits than under present law, it would, through the special minimum childcare provision, provide higher benefits than generic earnings sharing for the divorced women who would get the lowest benefits under generic earnings sharing plan.

- Eighty-one percent of divorced women who would have present law benefits in the lowest quartile in 2030 (average present law benefits of $4,595 a year) would get increased benefits under the modified plan compared to 68 percent of such divorced women under the generic plan.

47/ Administering such a provision would add significant complication to a change that is already extremely complex.

- Four percent of divorced women in the lowest quartile would get benefits lower than present law under the modified plan compared to 7 percent of such women under the generic plan.
- The average increase in benefits for divorced women in the lowest quartile would be about 23 percent under the modified plan compared to about 15 percent under the generic plan.

Divorced Men and Women Age 62 and Over in 2030

	Men	Women
Receive Present Law	5853	9515
% with no change	14%	35%
% with increases	23	54
Average % gain	9	19
% with decreases	63	11
Average % loss	-9	-20
Total average difference	-5	6

As the table below indicates, under the modified plan, as under the generic earnings sharing plan, divorced women who would get survivor's benefits under present law would be more likely than other categories of divorced women to get lower benefits than under present law. (In the model, this group represents about 2 percent of all divorced women beneficiaries in 2030.) Divorced spouses are far less likely than nondivorced spouses to have been married for a full working lifetime and, thus, would be more likely than nondivorced survivors to be disadvantaged by inheriting earnings only for years of marriage. The combination of earnings sharing and the special minimum benefit would not overcome the advantage of present law surviving divorced spouse's benefits for many of these women.

Divorced Women Age 62 and Over in 2030
By Present Law Beneficiary Status

	Total	Spouse Benefit Only	Survivor Benefit Only	Worker Beneficiary		
				Spouse Dual	Survivor Dual	Worker Only
Receive Present Law	9515	137	212	943	3644	4582
% with no change	35%	33%	63%	15%	64%	14%
% with increases	54	55	6	74	19	81
Average % gain	19	29	22	26	17	19
% with decreases	11	12	31	11	17	5
Average % loss	-20	-17	-39	-10	-24	-5
Total average difference	6	10	-11	18	-2	14

Widowed People

There is no essential difference between the specifications for the modified plan and the generic earnings sharing plan with respect to the treatment of aged widows. However, the modified plan includes a special provision for an adjustment benefit for widows under age 62 that is not included in the generic earnings sharing plan.

Would the Modified Plan Increase Benefits for Widows?

As shown in the table below, the modified plan would be about as successful in increasing benefits for widows as the generic plan would be. The percent of widows who would get lower benefits--13 percent--is unchanged from the generic earnings sharing plan. However, the special minimum provision would act to provide increased benefits for some widows who would get the present law guarantee under the generic earnings sharing plan. As would be expected, the increased benefits for widows due to the special minimum childcare provision of the modified plan would go to those widows who would have the lowest present law benefits.

- Forty-one percent of widows with benefits in the lowest quartile in 2030 (average present law benefits of $5,734 a year) would get increased benefits under the modified plan, compared to 31 percent of such widows under the generic plan.
- The average benefit increase for widows in the lowest quartile would be almost 7 percent under the modified plan, compared to 4.5 percent under the generic plan.

- The percent of widows in the lowest quartile who would get benefits lower than present law would remain small. (Six percent of such widows under the modified plan and 7 percent of such widows under the generic plan would get benefits lower than under present law.)

Widows who would be entitled to benefits only as workers would be most likely to get increases due to the special minimum provision. Seventy-four percent of these widows would get increases under the modified plan, compared to 59 percent under the generic earnings sharing plan. As noted earlier, widows who would get benefits only as workers are an atypical group who are likely to have low benefits mainly because they were married to men with low lifetime earnings. Thus, it is not unexpected that the special minimum provision would be especially helpful to them because it is designed to increase benefits for people with low lifetime earnings.

Widows Age 62 and Over in 2030
By Present Law Beneficiary Status

		Survivor Benefits	Worker Beneficiary	
	Total	Only	Survivor Dual	Worker Only
Receive Present Law	15337	1030	12841	1467
% with no change	59%	79%	62%	25%
% with increases	27	8	24	74
Average % gain	18	17	17	21
% with decreases	13	14	15	1
Average % loss	-25	-36	-25	-5
Total average difference	1	-4	0	16

Would the Modified Plan Equalize Benefits for Survivors of One- and Two-Earner Couples?

As the table above shows, the modified plan would move in this direction. The effects would be essentially the same as under the generic earnings sharing plan. Benefits would be increased for survivors of two-earner couples to the level of benefits for survivors of similar one-earner couples. Benefits for survivors of one-earner couples would be largely unchanged. (Seventy-four percent of survivors entitled only to worker's benefits would get increased benefits while 79 percent of survivors entitled to only survivor's benefits would have no change in benefit amounts.)

The impact of the modified plan on widows by age would be very similar to the effect of the generic earnings sharing plan. As shown in the table below, the only significant difference would be in the group age 60-61. The number of losers in this age group would be reduced because of two differences between the generic plan and the modified plan. The modified plan: (1) would retain child-in-care benefits, and (2) would provide an adjustment benefit for widows under age 62.

Widows Age 60 and Over in 2030, By Age

	Total	60-61	62-64	65-74	75+
Receive Present Law	15516	179	490	4080	10769
% with no change	59%	19%	14%	33%	71%
% with increases	27	26	75	47	18
Average % gain	18	42	25	19	15
% with decreases	14	56	12	20	11
Average % loss	-28	-92	-21	-21	-28
Total average difference	0%	-35%	16%	3%	-1%

Would the Modified Plan Expand Benefit Protection to Close the "Widow's Gap"?

The modified plan would not exacerbate the issue of the "widow's gap" as the generic plan would. The modified plan would provide widows with the same number of years of benefits as under present law (while the generic plan would reduce that number by two). In addition, the adjustment benefit would allow more flexibility than present law, because the benefit could be taken anytime prior to age 62, whereas widow's benefits are not available prior to age 60 under present law.

The table below shows people who would become new beneficiaries as a result of the adjustment benefit. (This table does not include people age 60-61 who would have received widow(er)'s benefits under present law.) As shown in the table, most of the new beneficiaries would be women. About 80 percent of those who would receive the benefits would be widow(er)s. The rest would be divorced persons whose ex-spouses were deceased.

New Beneficiaries Receiving Adjustment Benefits in 2030 By Marital Status

	Total	Men	Women
Total	323	49	274
Widowed	81%	76%	82%
Divorced	19	24	18

The modified plan also would retain child-in-care benefits; this would serve to limit losses to surviving families in which the widow would have received a child-in-care benefit under present law. Under the generic earnings sharing plan, 90 percent of such families would get lower benefits than under present law. Under the modified plan, only 31 percent of such families would get lower benefits than under present law. However, in 2030 under the simulation, such families would represent only 2 percent of all survivor families and about one-third of survivor families with entitled children. (The number of such families would be low because most women are assumed to work and thus would not qualify for child-in-care benefits.)

What Would the Effect of the Modified Plan Be on Widowers?

The effect of the modified plan on widowers would be virtually the same as the effect of the generic earning sharing plan. Because widowers could inherit earnings credits, almost two-thirds of them would get increased benefits. The special minimum provision would have very little effect in increasing benefits for widowers, presumably because most widowers would be entitled to relatively high present law benefits based on their own earnings and would not fall into the long-term, low-paid worker category that would be most helped by the special minimum.

- Sixty-five percent of widowers would get increases averaging 9 percent.

- Eight percent would receive lower benefits, averaging 8 percent. Widowers who would get lower benefits would be those who had been married more than once and had shared their own earnings with a prior spouse who was still alive.

Disabled People

There is a significant difference in the way married disabled people would be treated under the modified plan and under the generic earnings sharing plan. Under the generic earnings sharing plan, earnings would be shared year by year so that disability benefits would always be based on one-half the couple's earnings for years of marriage. Under the modified plan, earnings would be shared only at certain events and, in the case of disability, sharing would be triggered only if a higher benefit for the disabled person would result. Consequently, disability benefits for married higher, or sole, earners would reflect all of their credits from years of marriage while benefits for homemakers, or lower earners, would generally be based on shared earnings from years of marriage. Under this change disability benefits for higher, or sole, earners would be closer to present law levels than such benefits would be under the generic earnings sharing plan, and at the same time disability protection would be expanded for homemakers and lower earners.

Would the Modified Plan Expand Coverage to Provide Disability Protection for Homemakers?

The modified plan would provide disability protection for some homemakers, even though most disabled women would qualify for disability benefits on the basis of their own earnings.

Some women would gain entitlement to disability benefits either because they were career homemakers who got insured status from earnings sharing, or because they were intermittent workers and earnings sharing, by filling the gaps in their earnings records, allowed them to meet the recency-of-work test.

- Roughly the same number of women (391,000) as under the generic earnings sharing plan would gain entitlement to disability benefits.

In addition, the modified plan would be effective in increasing benefits for disabled women workers.

- Ninety-one percent of married disabled women workers and 83 percent of previously married (widowed and divorced) disabled women workers would get increases.
- The overall change for disabled women workers who gain would be about the same as under the generic earnings sharing plan--an increase of 43 percent on average for married women, and an increase of 30 percent on average for previously married disabled women.
- Four percent of married and 13 percent of previously married women disabled workers would get lower benefits. The average decrease would be 7 percent for these married women and 5 percent for these previously married women.

Benefit amounts for disabled married men generally would not be reduced unless they had shared earnings with previous spouses, because, under this plan, earnings would be shared by married people only when doing so would produce a higher benefit for the disabled spouse.

- As expected, 41 percent of married disabled men would get lower benefits under the modified plan, compared to 89 percent under the generic earnings sharing plan. (Most of the men who would get lower benefits are likely to have been previously married and have already shared earnings credits with a prior spouse.)

- Sixty-six percent of previously married disabled men would get lower benefits, about the same percentage (69 percent) who would get lower benefits under the generic earnings sharing plan. (The slight difference can be accounted for largely by the action of the special minimum provision.)

Children

The modified plan would be more effective than the generic earnings sharing plan in limiting losses to families with child beneficiaries. The reason for the difference in benefits for children lies mainly in the difference between the plans in the way earnings would be shared for couples who were married when one spouse claimed benefits. Under the modified plan, earnings for the current marriage would not be shared until both spouses claimed benefits, and, even when both spouses claimed benefits, children would get one benefit based on total earnings credits, rather than two benefits which would offset each other (as under the generic plan).

- To illustrate, 27 percent (compared to 71 percent under the generic earnings sharing plan) of survivor families with only child beneficiaries in which the children would get benefits based on their fathers' records would receive benefits lower than present law, and the average loss would be 9 percent (compared to 18 percent under the generic plan).

- On the other hand, because of the special rules governing benefits for children of deceased homemakers, there would be no change, compared to the generic earnings sharing plan, in the percentage of such families getting benefits on their mothers' records that would get increased benefits.

- Likewise, because of the way earnings would be shared, 49 percent (compared to 61 percent under the generic plan) of families of retired workers with child beneficiaries and no spouse beneficiaries would receive lower benefits. The average reduction for these families would be 7 percent.

- Eighty-eight percent (the same percentage as under the generic plan) of families of disabled women with child beneficiaries and no spouse beneficiaries would get higher benefits.

- However, as expected, 47 percent of such families of disabled men would get lower benefits (compared to 78 percent under the generic earnings sharing plan). Reductions for such families would average 9 percent (compared to 18 percent under the generic plan).

CONCLUSION

The distributional effects of the modified plan show that this plan, in general, would have results very similar to the generic plan. When measured against the standards, it, too, has mixed results. It would provide equal treatment for similarly situated couples regardless of how paid work and homemaking responsibilities were divided. It would increase benefits for a large proportion of widows and divorced spouses, but it would also result in reduced benefits for some. The number of widows and divorced spouses who would get less than under present law would increase when the transition benefits were fully phased out.

The special minimum childcare benefit included in this earnings sharing plan would increase benefits for people who had low lifetime earnings. Approximately 20 percent of couples and 15 percent of divorced women would receive higher benefits as a result of the special minimum childcare provision. However, the special minimum childcare provision would not overcome the effect of short marriages in causing reductions in widow's benefits or reduce the losses to one-earner couples who would have average, or above average, earnings histories.

The adjustment benefit for widow(er)s under age 62 would avoid exacerbating the issue of the "widow's gap." The availability of child-in-care benefits would assist some but would have little overall effect because most women are assumed to be working in 2030 and would not claim these benefits.

The changes made under the modified plan would result in a higher long-range net cost for this plan of 0.73 percent of taxable payroll, as compared to 0.35 percent of taxable payroll for the generic plan.

Tables with more detailed information on the distributional effects of the modified plan as described in this section can be found at the end of the chapter. In addition, Appendix I contains tables showing further refinements of the distributional data, and Appendix J shows some basic data on the plan as simulated under the MICROSIM model.

SECTION II
NO-LOSER EARNINGS SHARING

Because under virtually any earnings sharing plan, benefits would be lower than under present law for some people, interest has been expressed in a plan which would combine earnings sharing with a permanent guarantee of present law benefits so that no one could receive lower benefits. Such a "no-loser" plan is the final earnings sharing proposal discussed in this report. It is based on H.R. 1513, a bill introduced during the 97th Congress by Representative Mary Rose Oakar (D., OH).

The no-loser plan described here is virtually identical with the generic earnings sharing plan in that it closely adheres to basic earnings sharing principles, but it includes a present law guarantee of benefit levels if such benefits would exceed the earnings sharing benefit for any given person. Thus, the general specifications are the same as the ones presented for the generic plan; however, no individual would receive a lower benefit under the no-loser plan than he or she would have received under present law.

GENERAL SPECIFICATIONS FOR THE NO-LOSER EARNINGS SHARING PLAN

Specification: For each year that a person worked in employment covered by Social Security and was not married, earnings up to the contribution and benefit base for that year would be credited to his or her earnings record as under present law.

Specification: For each year of marriage, the total Social Security earnings credits of the couple would be combined and one-half the total for each year would be credited to each spouse's earnings record.

Specification: Earnings sharing would terminate when one member of a couple reached age 62 or became disabled; the benefit for each spouse would be based on shared earnings.

Specification: Earnings sharing would terminate if a married couple was granted a final divorce; any future benefits for either of the former spouses would reflect shared earnings for the period of their marriage.

Specification: When one spouse (or former spouse) dies, the survivor would be credited with (or would inherit) the total amount of the decedent's covered annual earnings for each year of marriage. (The combination of survivor's and decedent's earnings credits could not exceed the contribution and benefit base in any year.)

Specification: Each individual's insured status for Social Security benefits (including disability insured status) would be determined based on the earnings credited to his or her record after sharing and/or inheritance.

Specification: Benefits for children and the limit on family benefits would be based on the retired, disabled or deceased person's record including shared or inherited earnings.

Specification: Notwithstanding any of the above specifications, if any present law benefit (including an auxiliary or survivor's benefit) for which an individual was eligible would exceed the benefit under earnings sharing, the present law benefit would be paid in lieu of the earnings sharing benefit. (Payment of a present law benefit to one member of a married couple would not preclude payment of an earnings sharing benefit to the other member and vice versa.)

COST OF THE NO-LOSER EARNINGS SHARING PLAN

The long-range net cost of the no-loser plan would be 1.00 percent of taxable payroll (or about $16.0 billion per year, in terms of 1984 taxable payroll). The table below shows the breakdown of this cost into 25-year periods.

Net Cost of No-Loser Earnings Sharing Plan as a Percent of Taxable Payroll a/

1984-2008	2009-2033	2034-2058	Total 1984-2058
0.10	0.97	1.93	1.00

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a/ Net cost is defined as the additional cost minus the additional income due to the taxation of benefits provision. The cost is based on the Alternative II-B assumptions of the 1984 Trustees Report.

SUCCESS OF THE NO-LOSER EARNINGS SHARING PLAN IN MEETING STANDARDS

This section analyzes the effects of no-loser earnings sharing on the 2030 sample population. In general, because the earnings sharing portion of the no-loser plan is the same as the generic plan, individuals who would get higher benefits under the generic plan would get higher benefits under the no-loser plan. Everyone else would get benefits equal to present law.

Married People

Would the No-Loser Earnings Sharing Plan Equalize Benefits for One- and Two-Earner Couples?

The no-loser earnings sharing plan would not equalize benefits for one- and two-earner couples. Most couples would experience net gains in benefits under this plan because each spouse would get the higher of the present law benefit or the earnings sharing benefit. Thus, in many couples the wife would get the earnings sharing benefit because it would be higher than the present law benefit, while the husband would receive his present law benefit unreduced by earnings sharing.

The table below contains illustrative examples of how the no-loser plan would affect couple's benefits. This table shows couple's benefits for hypothetical couples who have lifelong marriages. As shown in this table only couples in which each spouse earns half the total earnings would receive benefits equal to present law benefits. All other couples would get higher benefits. In addition, one-earner couples would receive higher benefits than two-earner couples with the same total earnings. The benefits for two-earner couples with the same total earnings would vary depending on how the earnings were divided between the spouses. Two-earner couples in which the earnings are evenly divided would get the lowest benefits while two-earner couples where one spouse has most of the earnings would get the highest benefits.

Illustrative Monthly Benefits for Lifelong Married Couples By Couples' Total Average Monthly Earnings and By Proportion of Total Average Earnings Earned by Each Spouse a/

Total Average Monthly Earnings	Proportion of Average Earnings Earned by Each Spouse							
	One Earner		5/6 - 1/6		2/3 - 1/3		1/2 - 1/2	
	Present Law	No Loser Earnings Sharing	Present Law	No Loser Earnings Sharing	Present Law	No Loser Earnings Sharing	Present Law	No Lose Earning Sharing
$ 650	$ 555 b/	$ 636	$ 502 b/	$ 601	$ 495	$ 566	$ 532	$ 532
1300	867 b/	948	762 b/	878	739	809	740	74
1900	1101 b/	1200	1002 b/	1134	931	1033	932	93
2990 c/	1347 b/	1538	1234 b/	1463	1229	1388	1280	126
4000	--	--	--	--	1373	1598	1498	149
5000	--	--	--	--	--	--	1646	1646
5980	--	--	--	--	--	--	1796	179

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a Benefit amounts are computed using the 1985 benefit formula and do not reflect reduction for early retirement.

b A spouse's benefit would be payable under present law.

c/ A worker who had a full career of maximum covered earnings at the relative level of the current contribution and benefit base would have average monthly earnings of $2990.

Note: No benefit amounts are shown for cases that are not possible because, given the division of earnings between the spouses, one spouse would have average monthly earnings exceeding $2990 -- the maximum possible.

Previously described earnings sharing plans would reduce benefits for couples in which one spouse would get a full, or partial, spouse's benefit under present law. However, the microsimulation data shown in the table below indicate that no couples would get reduced benefits under the no-loser plan.

Total Benefits for Aged Couples in 2030 Both Receiving Benefits By Wife's Entitlement Status

			Worker Beneficiary	
	Total	Wife Spouse Benefits Only	Wife Dual	Wife Worker Only
Receive Present Law	13414	889	5363	7165
% with no change	15%	48%	17%	10%
% with increases	85	52	83	90
Average % gain	10	9	10	9
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	8	5	8	8

Unlike the modified plan, the no-loser plan would have about the same effect on couples' benefits regardless of the relative amount of the present law benefit. About 85 percent of couples would get increased benefits. These effects are the same for each of the four quartiles.

More two-earner couples would get increased benefits under the no-loser earnings sharing plan than under the generic plan. These increases would be due to the fact that the wife would get the increased earnings sharing benefit while the husband would retain the present law benefit unaffected by sharing. However, the change in overall benefit levels for such couples compared to the generic earnings sharing plan would not be as large as the change for one-earner couples.

o For example, for couples in which the wife would qualify for a present law benefit as a worker only, the average increase under the no-loser plan would be 8 percent, compared to a 2-percent gain under the generic plan.

o On the other hand, for couples in which the wife would qualify as a spouse only, the average increase would be 5 percent--that is, there would be a change of 17 percentage points for one-earner couples, from an overall loss of 12 percent under the generic plan.

Would the No-Loser Earnings Sharing Plan Increase Benefits for Women Who Take Time Out of the Paid Labor Force?

As shown in the table below, the effect of the no-loser earnings sharing plan in increasing benefits for married women would be identical to the generic plan. The same percent of married women would get increased benefits, and the amount of the increase would be the same.

Married Women Age 62 and Over in 2030
By Present Law Beneficiary Status

	Spouse Benefit Only	Worker Beneficiary	
		Spouse Dual	Worker Only
Receive Present Law	619	4832	9308
% with no change	28%	11%	14%
% with increases	72	89	86
Average % gain	28	33	28
% with decreases	0	0	0
Average % loss	0	0	0
Total average difference	21	29	24

The only difference between the generic earnings sharing plan and the no-loser earnings sharing plan with respect to benefits for married women would be that more married women would experience no change in benefits under the no-loser earnings sharing plan, because they would be guaranteed their present law benefit if that exceeded the earnings sharing benefit. In other words, the "no-change" group would include those married women who would have gotten lower-than-present law benefits under generic earnings sharing.

Also, because of the present law guarantee, there would be no decrease in benefits for married men to offset an increase in benefits for married women.

- Ninety percent of married men age 62 and older would have no change in the amount of their benefits.
- The remaining 10 percent of married men would get increased benefits, probably because they had been married to women who earned more than they did at some point in their lives.
- Under the generic earnings sharing plan, by contrast, 86 percent of married men would receive decreased benefits, and the same 10 percent would receive increased benefits.

When only the wife was receiving benefits, 87 percent of couples would get increased benefits under this plan, the same as under the generic earnings sharing plan. However, when only the husband was getting benefits, 86 percent of couples would experience no change in the level of benefits compared to present law. The couples in the latter circumstances who would have received lower benefits under the generic earnings sharing plan would be protected by the guarantee of present law benefits.

Divorced People

In general, the no-loser earnings sharing plan would increase benefits for the same percentage of divorced people as would the generic plan. However, divorced people who would get lower benefits under the generic plan would have no change in benefits under the no-loser plan because they would receive the present law guarantee amount.

Would the No-Loser Earnings Sharing Plan Increase Benefits for Divorced Women?

As shown in the table below, the no-loser earnings sharing plan would increase benefits for some divorced women. Half of such women would get increased benefits and the other half would have no change in benefits due to the present law guarantee.

The no-loser plan would provide about the same distribution of increased benefits as the generic plan. It would not provide the additional increases for divorced women in the lowest quartile that would be provided by the modified plan largely through the childcare special minimum provision.

- Benefits for 68 percent of divorced women in the lowest quartile would increase an average of 16 percent.

Divorced Men and Women Age 62 and Older in 2030

	Men	Women
Receive Present Law	5853	9515
% with no change	81%	50%
% with increases	19	50
Average % gain	8	17
% with decreases	0	0
Average % loss	0	0
Total average difference	1	7

The no-loser earnings sharing plan would differ from the generic plan in that no divorced person, including divorced men, would get benefits lower than present law. The overwhelming percentage of divorced men--81 percent--would receive present law benefits. The no-loser earnings sharing plan would not have a leveling effect on benefits for men and women like the other earnings sharing plans because the present law guarantee would prevent benefit decreases compared to present law.

As shown in the table below, the no-loser plan would have the same differential effect as would the generic plan on divorced women depending on whether or not their ex-husbands were deceased. A divorced woman who would qualify for a survivor's benefit would be much less likely to get an increase than one who would qualify for a spouse's, or partial spouse's, benefit. The overwhelming majority of divorced women who would qualify for survivor's or partial survivor's benefits under present law would continue to receive present law benefits under the no-loser earnings sharing plan.

Divorced Women Age 62 and Over in 2030
By Present Law Beneficiary Status

				Worker Beneficiary		
	Total	Spouse Benefit Only	Survivor Benefit Only	Spouse Dual	Survivor Dual	Worker Only
Receive Present Law	9515	137	212	943	3644	4582
% with no change	50%	42%	94%	31%	82%	27%
% with increases	50	58	6	69	18	73
Average % gain	17	26	22	24	16	16
% with decreases	0	0	0	0	0	0
Average % loss	0	0	0	0	0	0
Total average difference	7	14	1	17	2	12

Widowed People

Again, the no-loser earnings sharing plan would have no effect on the number or percentage of widowed people who would get increased benefits compared to the generic earnings sharing plan. It would, however, due to the present law guarantee, assure that all widowed people would get benefits at least as high as present law.

Would the No-Loser Earnings Sharing Plan Increase Benefits for Widows?

As the table below shows, the no-loser earnings sharing plan would increase benefits for 25 percent of all widows, while 75 percent of widows would get benefits equal to present law benefits.

Widows Age 62 and Over in 2030
By Present Law Beneficiary Status

	Total	Survivor Benefits Only	Worker Beneficiary	
			Survivor Dual	Worker Only
Receive Present Law	15337	1030	12841	1467
% with no change	75%	94%	78%	40%
% with increases	25	6	22	60
Average % gain	17	15	17	20
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	4	1	3	13

The no-loser plan would have effects similar to the effects of the generic plan on benefits for widows whose present law benefits would be in the lowest quartile. The increased benefits for this group of widows that would be achieved by the special minimum childcare provision of the modified plan would not be realized under the no-loser plan.

- Benefits would be increased an average of 6 percent for 31 percent of widows whose present law benefits would be in the lowest quartile compared to increases of 7 percent for 41 percent of such widows under the modified plan.

Would the No-Loser Earnings Sharing Plan Equalize Benefits for Survivors of One- and Two-Earner Couples?

As the table above shows, the no-loser earnings sharing plan would move in the direction of equalizing benefits for the survivors of one- and two-earner couples. The reason for this is that inheritance would increase benefits for survivors who had worked long enough to qualify for their own worker's benefits (just as under the generic plan). However, the guarantee would prevent any losses by guaranteeing present law benefits. This guarantee would be more valuable to survivors of one-earner couples than two-earner couples because survivors of one-earner couples have higher present law benefits than survivors of similar two-earner couples.

As shown in the table below, the no-loser earnings sharing plan would have effects very similar to the generic earnings sharing plan in terms of the number of widows of different ages who would get increased benefits. However, the widows who would get lower benefits under the generic earnings sharing plan would be protected by the present law guarantee and would have no change in benefit levels.

Widows Age 60 and Over in 2030, By Age

	Total	60-61	62-64	65-74	75+
Receive Present Law	15516	179	490	4080	10769
% with no change	75%	84%	26%	55%	85%
% with increases	25	16	74	45	15
Average % gain	17	50	24	18	14
% with decreases	0	0	0	0	0
Average % loss	0	0	0	0	0
Total average difference	4%	10%	17%	7%	2%

Would the No-Loser Earnings Sharing Plan Expand Protection to Cover the "Widow's Gap"?

Although the no-loser earnings sharing plan would not expand protection to cover the widow's gap, because of the present law guarantee, it would not exacerbate the problem by eliminating benefits for widows age 60-61 as the generic plan would. Such widows could get a present law widow's benefit and at age 62 could qualify for a worker's benefit under earnings sharing if it were higher than the widow's benefit.

- As shown in the table above, 84 percent of widows age 60-61 in 2030 would get present law benefits.
- The remaining 16 percent of such widows would get increases because they were entitled under earnings sharing as disabled workers. (These widows would also get increased benefits under the generic earnings sharing plan.)

What Would the Effect of the No-Loser Earnings Sharing Plan Be on Widowers?

Sixty-four percent of widowed men would get increased benefits under the no-loser earnings sharing plan, and no widowed men would get lower benefits. Widowers who had been divorced and who would experience decreases under the generic earnings sharing plan because they shared earnings with a prior spouse would be protected by the present law guarantee under the no-loser earnings sharing plan.

Disabled People

Would the No-Loser Earnings Sharing Plan Expand Coverage to Provide Disability Benefits for Homemakers?

The effects of the no-loser earnings sharing plan on benefits for disabled women would be very similar to the effects of the generic earnings sharing plan on this group. The same percentage of disabled married women (89) and disabled previously married women (80) who would get increased benefits under the generic earnings sharing plan would get increased benefits under the no-loser earnings sharing plan, and the same number of women would become newly eligible for disabled worker's benefits. However, unlike the generic plan, under the no-loser plan, no women would get benefits lower than present law.

Also, unlike the generic earnings sharing plan, which would decrease benefits for 89 percent of disabled married men, the no-loser earnings sharing plan would not result in lower benefits for disabled men. Ninety-three percent of disabled married men and 77 percent of disabled previously married men would get benefits equal to present law. The remaining disabled men would get benefits higher than present law.

Children

With respect to children who would get increased benefits, the effects of the no-loser earnings sharing plan would be similar to the effects of the generic earnings sharing plan. However, children who would otherwise get decreased benefits under the generic earnings sharing plan would be guaranteed present law benefits under the no-loser earnings sharing plan.

- Seventy-nine percent of survivor families with only child beneficiaries in which the children would be receiving benefits based on their fathers' earnings records would receive benefits which would be equal to present law benefits. The remainder would get benefits higher than present law. This compares to 71 percent of such families who would get benefits lower than present law under the generic earnings sharing plan.

- On the other hand, 87 percent of such families who would receive benefits based on their mothers' earnings records would receive an average increase of 41 percent under the plan, the same as under the generic earnings sharing plan.

- Sixty-five percent of families of retired workers with child beneficiaries and no spouse beneficiaries would receive benefits equal to present law. The vast majority (96 percent) of these children would be eligible on their fathers' records.

- As under the generic plan, 88 percent of families of disabled women with child beneficiaries and no spouse beneficiaries would gain an average of 45 percent over their present law benefits. This would occur because of the higher earnings records of these women due to shared earnings.

- On the other hand, under a no-loser plan, 79 percent of families of disabled men with child beneficiaries and no spouse beneficiaries would receive benefits equal to present law compared to 78 percent of such families who would get lower benefits under the generic earnings sharing plan.

CONCLUSION

The no-loser earnings sharing plan would have the same effects as the generic earnings sharing plan with respect to increased benefits. However, under the no-loser plan, each individual would be guaranteed benefits at least as high as present law. Thus, people who would have received lower-than-present law benefits under the generic plan would have no change in benefits under the no-loser plan. Guaranteeing present law benefit levels in this manner means that the no-loser plan would be the most expensive of the earnings sharing plans analyzed in this report with a long-range cost of 1 percent of taxable payroll.

An important conclusion to be drawn from the foregoing analysis of the no-loser earnings sharing plan is that, despite its success in preventing losses to certain groups, the plan would not meet one of the standards of evaluation identified in Chapter II--no-loser earnings sharing would not equalize benefits for one- and two-earner couples. Because of the present law guarantee, the no-loser plan would exacerbate the disparity. Under all other earnings sharing plans analyzed in this report, all couples would get benefits equal to present law benefits for a two-earner couple in which each spouse had half the earnings. Benefits for a one-earner couple would be reduced to this level. Under the no-loser plan, benefits for one-earner couples would be increased above present law levels, while benefits for two-earner couples in which the earnings were equally divided would remain the same.

More detailed information on the distributional effects of the no-loser earnings sharing plan described in this chapter can be found immediately following the chapter. Appendix I contains additional information on the distributional effects of the no-loser earnings sharing plan in 2030 and 2010, and Appendix J contains basic data concerning the no-loser earnings sharing plan simulated by the MICROSIM model.

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	2605	2485	3856	15337	5853	9515
% WITH NO CHANGE	20%	16%	41%	18%	27%	59%	14%	35%
% WITH INCREASES	50	50	19	79	65	27	23	54
GAIN 1-5%	18	24	5	5	27	5	11	7
GAIN 6-20%	20	22	8	21	29	13	10	23
GAIN 21+%	11	4	6	53	9	10	3	24
% WITH DECREASES	30	34	39	4	8	13	63	11
LOSE 1-5%	17	20	13	1	3	1	17	3
LOSE 6-20%	13	13	22	1	4	5	42	5
LOSE 21-99%	1	0	4	1	1	7	4	4
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$14597	$16921	$10687	$ 6137	$ 9865	$ 9293	$ 9740	$ 7649
% DIFF (PROPOSAL)	2.9%	1.6%	-1.1%	29.9%	4.9%	0.6%	-4.9%	6.2%
GAINERS								
PRES LAW BEN.	$13630	$16299	$ 8403	$ 5797	$ 9588	$ 8266	$ 7730	$ 6534
% INCR (PROPOSAL)	10.6%	7.1%	19.5%	41.4%	8.7%	17.7%	8.6%	19.2%
LOSERS								
PRES LAW BEN.	$16448	$17774	$11274	$ 8953	$10429	$10520	$10567	$ 9583
% DECR (PROPOSAL)	-5.8%	-5.1%	-9.8%	-17.6%	-8.3%	-25.2%	-9.4%	-19.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 2

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	889	5363	7165	2605	2485
% WITH NO CHANGE	20%	16%	15%	14%	18%	41%	18%
% WITH INCREASES	50	50	23	39	62	19	79
GAIN 1-5%	18	24	10	21	27	5	5
GAIN 6-20%	20	22	8	16	29	8	21
GAIN 21+%	11	4	5	2	6	6	53
% WITH DECREASES	30	34	61	47	20	39	6
LOSE 1-5%	17	20	20	25	17	13	1
LOSE 6-20%	13	13	40	21	3	22	1
LOSE 21-99%	1	0	1	0	0	4	1
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$14597	$16921	$15721	$18014	$16245	$10687	$ 6137
% DIFF (PROPOSAL)	2.9%	1.6%	-2.8%	-0.4%	3.9%	-1.1%	29.9%
GAINERS							
PRES LAW BEN.	$13630	$16299	$13621	$17594	$15818	$ 8403	$ 5797
% INCR (PROPOSAL)	10.6%	7.1%	9.0%	6.2%	7.5%	19.5%	41.4%
LOSERS							
PRES LAW BEN.	$16448	$17774	$16374	$18352	$17280	$11274	$ 8953
% DECR (PROPOSAL)	-5.8%	-5.1%	-7.3%	-5.7%	-3.1%	-9.8%	-17.6%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 3

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15462	619	29	4832	677	9308
% WITH NO CHANGE	7%	1%	71%	1%	60%	6%
% WITH INCREASES	84	74	14	90	25	86
GAIN 1-5%	4	3	0	2	2	5
GAIN 6-20%	23	17	14	18	13	26
GAIN 21+%	57	53	0	71	9	55
% WITH DECREASES	9	25	14	8	16	7
LOSE 1-5%	3	3	0	2	2	3
LOSE 6-20%	5	18	0	5	7	4
LOSE 21-99%	1	3	14	1	7	1
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 6126	$ 5005	$ 7328	$ 5425	$ 9728	$ 6297
% DIFF (PROPOSAL)	24.0%	23.4%	-2.8%	30.6%	0.4%	23.8%
GAINERS						
PRES LAW BEN.	$ 5929	$ 5137	$ 4573	$ 5417	$ 7872	$ 6213
% INCR (PROPOSAL)	30.6%	34.2%	11.0%	34.8%	18.8%	28.7%
LOSERS						
PRES LAW BEN.	$ 6511	$ 4694	$ 6605	$ 5527	$10587	$ 6838
% DECR (PROPOSAL)	-10.4%	-10.7%	-29.3%	-10.0%	-19.1%	-8.2%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 4

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15889	274	4	29	21	15549
% WITH NO CHANGE	12%	0%	0%	0%	60%	12%
% WITH INCREASES	13	80	100	71	20	12
GAIN 1-5%	4	2	100	14	0	4
GAIN 6-20%	6	5	0	29	20	6
GAIN 21+%	3	74	0	29	0	2
% WITH DECREASES	75	20	0	29	20	77
LOSE 1-5%	10	0	0	0	0	10
LOSE 6-20%	54	8	0	14	20	55
LOSE 21-99%	11	12	0	14	0	11
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$10784	$ 2653	$ 5167	$ 5001	$ 6173	$10953
% DIFF (PROFOSAL)	-9.1%	62.4%	4.0%	8.0%	-1.5%	-9.4%
GAINERS						
PRES LAW BEN.	$ 7247	$ 2702	$ 5167	$ 4789	$ 4737	$ 7869
% INCR (PROPOSAL)	13.3%	81.2%	4.0%	20.5%	12.6%	10.2%
LOSERS						
PRES LAW BEN.	$11438	$ 2453	$ 0	$ 5530	$ 6052	$11488
% DECR (PROPOSAL)	-12.8%	-21.7%	0.0%	-19.1%	-17.3%	-12.8%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 5-

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	24850	9515	137	212	943	3644	4582	15337	1030	12841	1467
% WITH NO CHANGE	50%	35%	33%	63%	15%	64%	14%	59%	79%	62%	25%
% WITH INCREASES	38	54	55	6	74	19	81	27	8	24	74
GAIN 1-5%	6	7	0	2	3	4	11	5	2	4	10
GAIN 6-20%	17	23	12	2	26	9	35	13	3	12	30
GAIN 21+%	15	24	42	2	45	6	35	10	3	8	33
% WITH DECREASES	12	11	12	31	11	17	5	13	14	15	1
LOSE 1-5%	2	3	0	0	4	2	3	1	1	1	1
LOSE 6-20%	5	5	12	8	7	7	2	5	3	5	0
LOSE 21-99%	6	4	0	18	1	8	0	7	8	8	0
LOSE 100%	0	0	0	6	0	0	0	0	1	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 8664	$ 7649	$ 4682	$ 8515	$ 5730	$ 9380	$ 6712	$ 9293	$ 8920	$ 9604	$ 6827
% DIFF (PROPOSAL)	2.5%	6.2%	10.5%	-11.5%	17.6%	-1.9%	14.3%	0.6%	-4.1%	-0.3%	15.9%
GAINERS											
PRES LAW BEN.	$ 7310	$ 6534	$ 3990	$ 6688	$ 5573	$ 7925	$ 6506	$ 8266	$ 8736	$ 2655	$ 7139
% INCR (PROPOSAL)	18.5%	19.2%	28.9%	22.3%	26.2%	16.6%	18.6%	17.7%	17.1%	16.9%	20.6%
LOSERS											
PRES LAW BEN.	$10202	$ 9583	$ 6765	$ 8768	$ 6487	$10743	$ 8397	$10520	$ 9568	$10621	$ 7316
% DECR (PROPOSAL)	-23.5%	-19.9%	-16.9%	-38.9%	-10.2%	-23.9%	-4.9%	-25.2%	-36.3%	-24.6%	-5.2%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 6

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	19435	15516	179	490	4080	10769	3922	66	145	1030	2680
% WITH NO CHANGE	52%	59%	19%	14%	33%	71%	27%	13%	17%	17%	32%
% WITH INCREASES	35	27	26	75	47	18	64	38	69	71	62
GAIN 1-5%	9	5	0	4	7	4	26	6	26	22	29
GAIN 6-20%	16	13	9	32	21	9	28	6	14	32	28
GAIN 21+%	10	10	16	38	19	5	10	25	29	17	6
% WITH DECREASES	13	14	56	12	20	11	8	50	14	12	6
LOSE 1-5%	2	1	2	0	2	1	3	0	3	4	2
LOSE 6-20%	5	5	2	8	8	3	4	6	11	7	3
LOSE 21-99%	6	7	0	2	9	7	1	0	0	1	0
LOSE 100%	1	1	51	2	0	0	1	44	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9392	$ 9285	$ 8533	$ 8485	$10067	$ 9035	$ 9810	$ 6644	$ 9814	$10504	$ 9623
% DIFF (PROPOSAL)	1.1%	0.2%	-35.3%	15.6%	3.0%	-1.1%	4.5%	-25.0%	7.6%	6.5%	4.1%
GAINERS											
PRES LAW BEN.	$ 8765	$ 8288	$10288	$ 8278	$ 8825	$ 7717	$ 9570	$ 7757	$ 8717	$10076	$ 9427
% INCR (PROPOSAL)	14.3%	18.1%	41.8%	25.0%	18.9%	15.0%	8.8%	23.8%	14.6%	11.0%	7.3%
LOSERS											
PRES LAW BEN.	$10337	$10401	$ 7979	$ 8903	$11027	$10244	$ 9925	$ 5458	$10839	$10838	$10053
% DECR (PROPOSAL)	-25.7%	-27.6%	-92.3%	-21.2%	-21.5%	-28.3%	-12.7%	-86.3%	-9.2%	-8.7%	-7.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 7

EFFECT OF EARNINGS SHARING ON
DISABLED WORKERS AND RETIRED WORKERS
(BENEFIT IS ALL BENEFITS FOR PERSONS RECEIVING WORKER BENEFITS)

	DISABLED WORKERS					RETIRED WORKERS				
		MARRIED		PREV-MARRIED			MARRIED		PREV-MARRIED	
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5255	1662	1433	769	656	67630	15075	14444	9287	23210
% WITH NO CHANGE	30%	46%	5%	8%	4%	31%	11%	7%	19%	49%
% WITH INCREASES	45	13	91	26	83	41	12	85	40	39
GAIN 1-5%	5	5	5	9	5	7	4	4	17	6
GAIN 6-20%	13	8	17	12	28	15	6	23	17	17
GAIN 21+%	26	1	69	5	49	19	2	58	5	15
% WITH DECREASES	26	41	4	66	13	29	77	8	41	12
LOSE 1-5%	6	9	2	12	8	5	10	3	11	2
LOSE 6-20%	15	25	2	39	5	19	56	4	27	5
LOSE 21-99%	5	8	0	15	0	5	11	1	2	6
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$10480	$12893	$ 7879	$11909	$ 8935	$ 8652	$10854	$ 6117	$ 9809	$ 8669
% DIFF (PROPOSAL)	7.4%	-4.6%	38.1%	-7.0%	23.0%	1.8%	-9.4%	23.9%	-1.0%	2.6%
GAINERS										
PRES LAW BEN.	$ 8227	$ 9431	$ 7666	$ 9550	$ 8636	$ 6891	$ 7750	$ 5902	$ 9026	$ 7283
% INCR (PROPOSAL)	32.3%	9.4%	43.5%	11.7%	29.7%	20.3%	10.3%	30.3%	8.1%	18.1%
LOSERS										
PRES LAW BEN.	$13011	$13662	$10582	$12814	$10668	$10784	$11414	$ 6659	$10494	$10267
% DECR (PROPOSAL)	-12.2%	-12.5%	-7.3%	-13.2%	-5.3%	-13.4%	-12.7%	-10.3%	-9.1%	-22.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 8

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN			PERSONS RECEIVING CHILD-IN-CARE OR ADJUSTMENT BENEFITS	
		DISABLED		RETIRED						
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS	MEN	WOMEN
TOTAL NUMBER (IN 000'S)	740	116	391	79	154	266	37	229	83	291
% DISTRIBUTION BY MARITAL STATUS										
MARRIED	88%	86%	95%	53%	89%	0%	0%	0%	20%	6%
WIDOWED	1	0	0	5	0	0	0	0	65	77
DIVORCED	12	14	5	42	11	0	0	0	15	17
NEVER MARRIED	0	0	0	0	0	100	100	100	0	0

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE 9

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	13414	3365	3353	3378	3324
AVG. PRES LAW BEN (1984 $)	$16921	$11425	$15400	$18313	$22579
% WHO WOULD GAIN	50%	66%	45%	43%	47%
% WHO WOULD LOSE	34%	19%	37%	42%	37%
% DIFF IN AVG BEN	1.6%	6.8%	1.1%	0.6%	0.2%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	15337	3860	3764	3914	3806
AVG. PRES LAW BEN (1984 $)	$ 9293	$ 5734	$ 8149	$10060	$13233
% WHO WOULD GAIN	27%	41%	31%	23%	16%
% WHO WOULD LOSE	13%	6%	11%	14%	22%
% DIFF IN AVG BEN	0.6%	6.7%	3.4%	1.1%	-4.3%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	3856	951	976	968	960
AVG. PRES LAW BEN (1984 $)	$ 9865	$ 5868	$ 8571	$10655	$14350
% WHO WOULD GAIN	65%	71%	66%	66%	57%
% WHO WOULD LOSE	8%	6%	7%	9%	9%
% DIFF IN AVG BEN	4.9%	10.9%	6.3%	4.1%	2.1%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	9515	2443	2347	2356	2372
AVG. PRES LAW BEN (1984 $)	$ 7648	$ 4595	$ 6373	$ 8183	$11519
% WHO WOULD GAIN	54%	81%	68%	45%	23%
% WHO WOULD LOSE	11%	4%	5%	13%	22%
% DIFF IN AVG BEN	6.2%	22.6%	12.4%	5.0%	-3.0%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5853	1458	1467	1446	1483
AVG. PRES LAW BEN (1984 $)	$ 9740	$ 5628	$ 8496	$10734	$14042
% WHO WOULD GAIN	23%	47%	23%	14%	9%
% WHO WOULD LOSE	63%	36%	62%	76%	79%
% DIFF IN AVG BEN	-4.9%	2.6%	-4.3%	-6.9%	-6.6%

NO LOSER EARNINGS SHARING IN 2030

TABLE 1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	2605	2485	3856	15337	5853	9515
% WITH NO CHANGE	25%	15%	86%	13%	36%	75%	81%	50%
% WITH INCREASES	75	85	14	87	64	25	19	50
GAIN 1-5%	16	21	4	4	27	5	10	9
GAIN 6-20%	47	60	7	18	29	12	7	23
GAIN 21+%	12	4	3	65	8	9	2	18
% WITH DECREASES	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$14597	$16921	$10687	$ 6137	$ 9865	$ 9293	$ 9740	$ 7649
% DIFF (PROPOSAL)	9.2%	8.2%	2.0%	37.5%	5.4%	4.0%	1.2%	7.4%
GAINERS								
PRES LAW BEN.	$15014	$16974	$ 8396	$ 5814	$ 9621	$ 8591	$ 8092	$ 6668
% INCR (PROPOSAL)	11.9%	9.6%	17.5%	45.5%	8.4%	17.3%	7.8%	17.1%
LOSERS								
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 2

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	889	5363	7165	2605	2485
% WITH NO CHANGE	25%	15%	48%	17%	10%	86%	13%
% WITH INCREASES	75	85	52	83	90	14	87
GAIN 1-5%	16	21	13	18	24	4	4
GAIN 6-20%	47	60	38	62	61	7	18
GAIN 21+%	12	4	2	3	6	3	[illegible]
% WITH DECREASES	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$14597	$16921	$15721	$18014	$16245	$10687	$ 6137
% DIFF (PROPOSAL)	9.2%	8.2%	5.0%	8.3%	8.5%	2.0%	37.5%
GAINERS							
PRES LAW BEN.	$15014	$16974	$16477	$17921	$16355	$ 8396	$ 5814
% INCR (PROPOSAL)	11.9%	9.6%	9.1%	9.9%	9.4%	17.5%	45.5%
LOSERS							
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 3

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15462	619	29	4832	677	9308
% WITH NO CHANGE	17%	28%	86%	11%	77%	14%
% WITH INCREASES	84	72	14	89	23	86
GAIN 1-5%	5	5	0	3	1	7
GAIN 6-20%	25	19	14	20	13	29
GAIN 21+%	54	47	0	66	9	51
% WITH DECREASES	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 6126	$ 5005	$ 7328	$ 5425	$ 9728	$ 6297
% DIFF (PROPOSAL)	23.9%	20.8%	1.0%	29.0%	3.3%	24.1%
GAINERS						
PRES LAW BEN.	$ 5945	$ 5192	$ 4573	$ 5432	$ 7997	$ 6224
% INCR (PROPOSAL)	29.5%	28.0%	11.0%	32.6%	17.7%	28.3%
LOSERS						
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 4

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15889	274	4	29	21	15549
% WITH NO CHANGE	90%	23%	0%	29%	80%	92%
% WITH INCREASES	10	77	100	71	20	8
GAIN 1-5%	3	2	100	14	0	3
GAIN 6-20%	4	3	0	29	20	4
GAIN 21+%	2	73	0	29	0	1
% WITH DECREASES	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$10784	$ 2653	$ 5167	$ 5001	$ 6173	$10953
% DIFF (PROPOSAL)	0.8%	64.4%	4.0%	14.0%	1.9%	0.5%
GAINERS						
PRES LAW BEN.	$ 7268	$ 2748	$ 5167	$ 4789	$ 4737	$ 8121
% INCR (PROPOSAL)	12.9%	80.5%	4.0%	20.5%	12.6%	8.7%
LOSERS						
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 5

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	24850	9515	137	212	943	3644	4582	15337	1030	12841	1467
% WITH NO CHANGE	66%	50%	42%	94%	31%	82%	27%	75%	94%	78%	40%
% WITH INCREASES	34	50	58	6	69	18	73	25	6	22	60
GAIN 1-5%	6	9	0	2	4	4	14	5	2	4	10
GAIN 6-20%	16	23	15	2	26	9	35	12	3	11	24
GAIN 21+%	12	18	42	2	38	5	24	9	2	7	26
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 8664	$ 7649	$ 4682	$ 8515	$ 5730	$ 9380	$ 6712	$ 9293	$ 8920	$ 9604	$ 6827
% DIFF (PROPOSAL)	5.1%	7.4%	13.7%	1.0%	16.6%	2.5%	11.6%	4.0%	1.0%	3.4%	13.3%
GAINERS											
PRES LAW BEN.	$ 7527	$ 6668	$ 4192	$ 6688	$ 5648	$ 8147	$ 4441	$ 8591	$ 9670	$ 8849	$ 7666
% INCR (PROPOSAL)	17.2%	17.1%	26.5%	22.3%	24.5%	16.1%	15.9%	17.3%	14.8%	16.7%	19.7%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 6

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	19435	15516	179	490	4080	10769	3922	66	145	1030	2680
% WITH NO CHANGE	67%	75%	84%	26%	55%	85%	36%	81%	31%	30%	38%
% WITH INCREASES	33	25	16	74	45	15	64	19	69	70	62
GAIN 1-5%	9	5	0	4	7	4	27	6	26	23	29
GAIN 6-20%	15	12	2	32	20	8	28	6	17	32	28
GAIN 21+%	9	9	14	37	17	4	8	6	26	16	4
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9392	$ 9285	$ 8533	$ 8485	$10067	$ 9035	$ 9810	$ 6644	$ 9814	$10504	$ 9623
% DIFF (PROPOSAL)	4.3%	4.0%	9.8%	17.4%	7.3%	2.0%	5.3%	4.4%	8.6%	7.2%	4.4%
GAINERS											
PRES LAW BEN.	$ 9007	$ 8604	$10293	$ 8302	$ 8978	$ 8228	$ 9633	$12095	$ 8717	$10098	$ 9468
% INCR (PROPOSAL)	13.7%	17.5%	50.0%	24.1%	18.4%	14.3%	8.5%	12.9%	13.8%	10.6%	7.1%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 7

EFFECT OF EARNINGS SHARING ON
DISABLED WORKERS AND RETIRED WORKERS
(BENEFIT IS ALL BENEFITS FOR PERSONS RECEIVING WORKER BENEFITS)

	DISABLED WORKERS					RETIRED WORKERS				
		MARRIED		PREV-MARRIED			MARRIED		PREV-MARRIED	
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5255	1662	1433	769	656	67630	15075	14444	9287	23210
% WITH NO CHANGE	60%	93%	11%	77%	20%	63%	92%	16%	63%	65%
% WITH INCREASES	40	8	89	23	80	37	8	84	37	35
GAIN 1-5%	4	2	6	8	8	6	3	5	17	6
GAIN 6-20%	11	5	17	10	25	14	4	25	16	17
GAIN 21+%	25	1	66	5	47	16	1	54	4	12
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$10480	$12893	$ 7879	$11909	$ 8935	$ 8652	$10854	$ 6117	$ 9809	$ 8669
% DIFF (PROPOSAL)	10.6%	0.5%	37.3%	2.2%	22.5%	5.9%	0.6%	23.9%	2.7%	5.1%
GAINERS										
PRES LAW BEN.	$ 8188	$ 9564	$ 7657	$ 9630	$ 8676	$ 6996	$ 7960	$ 5916	$ 9248	$ 7502
% INCR (PROPOSAL)	34.0%	9.3%	43.1%	12.0%	29.1%	19.9%	8.9%	29.4%	7.7%	16.8%
LOSERS										
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE 8

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN		
		DISABLED		RETIRED				
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
TOTAL NUMBER (IN 000'S)	727	108	382	79	158	266	37	229
% DISTRIBUTION BY MARITAL STATUS								
MARRIED	87%	85%	95%	53%	89%	0%	0%	0%
WIDOWED	1	0	0	5	0	0	0	0
DIVORCED	12	15	5	42	11	0	0	0
NEVER MARRIED	0	0	0	0	0	100	100	100

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

NO LOSER EARNINGS SHARING IN 2030

TABLE 9

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	13414	3365	3353	3378	3324
AVG. PRES LAW BEN (1984 $)	$16921	$11425	$15400	$18313	$22579
% WHO WOULD GAIN	85%	82%	87%	85%	86%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	8.2%	8.4%	8.4%	8.4%	7.9%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	15337	3860	3764	3914	3806
AVG. PRES LAW BEN (1984 $)	$ 9293	$ 5734	$ 8149	$10060	$13233
% WHO WOULD GAIN	25%	31%	31%	23%	16%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	4.0%	6.2%	5.6%	4.0%	2.0%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	3856	951	976	968	960
AVG. PRES LAW BEN (1984 $)	$ 9865	$ 5868	$ 8571	$10655	$14350
% WHO WOULD GAIN	64%	69%	66%	66%	57%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	5.4%	10.8%	7.0%	4.7%	2.6%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	9515	2443	2347	2356	2372
AVG. PRES LAW BEN (1984 $)	$ 7648	$ 4595	$ 6373	$ 8183	$11519
% WHO WOULD GAIN	50%	68%	63%	44%	23%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	7.4%	16.1%	11.2%	6.6%	2.4%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5853	1458	1467	1446	1483
AVG. PRES LAW BEN (1984 $)	$ 9740	$ 5628	$ 8496	$10734	$14042
% WHO WOULD GAIN	19%	32%	20%	14%	9%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	1.2%	3.6%	1.5%	1.0%	0.3%

CHAPTER V
TRANSITIONS TO EARNINGS SHARING

NEED FOR TRANSITION

As demonstrated in the preceding chapters and discussed in Chapter II, all earnings sharing plans that do not have a complete guarantee of present law benefit levels would result in reductions in benefit levels for most men, certain categories of women (primarily widows and divorced women) and some married couples (primarily one-earner couples or couples where one spouse's earnings are a relatively small part of the total earnings). These benefit reductions would occur in both the short and long term because of the elimination of auxiliary benefits for spouses and widows. Reductions would also occur in the near term due to the fact that, for administrative reasons, sharing of earnings between members of a married couple would be limited to years after 1989; this means that, for many couples, sharing would not occur for all years of marriage and, thus, they would not have enough shared earnings to generate a total benefit as high as the combined present law worker's and spouse's benefits. 48/ In order to provide protection for certain groups and to provide time for people to adjust to the changes that would be made under earnings sharing, some kind of transitional provisions would seem essential.

Based on data drawn from the DYNASIM simulation, if no transition were provided under the generic earnings sharing plan, 34 percent of beneficiaries age 62 and older in 2010 would receive lower benefits than under present law and 17 percent would receive higher benefits. In 2030, 48 percent of such beneficiaries would receive lower benefits and 37 percent would receive higher benefits than under present law.

As noted earlier, there are various approaches that could be used to move from the present system to one based on the earnings sharing concept. Transition I--the transition that is used for purposes of distributional analysis of the various earnings sharing plans in the preceding chapters--and an alternative transition, transition II, are discussed below. 49/ These

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48/ See Chapter VI for a detailed explanation of the potential administrative impact of earnings sharing.

49/ Data provided on the effects of these two transitions are drawn from the DYNASIM simulations.

transitions are simply illustrative of the kinds of transitions that could be developed. We chose to analyze and discuss the effects of a second transition here so as to demonstrate the overriding influence of a transition on the distributional results of earnings sharing. The primary differences between the two transitions concern the level of benefits guaranteed during the transition period and the length of the transition period. Transition I would not phase out for people becoming newly eligible for benefits until 2031, while transition II would phase out by 2005 for people who would be eligible for present law spouse's benefits and by 2015 for those who would be eligible for present law surviving spouse's benefits. Under both of the transitions, the guarantee would apply to the benefits of individuals (rather than couples, as in H.R. 1513 introduced in the 98th Congress). 50/

Both transitions I and II are based on the assumption that, in general, people who reach age 62 or become disabled after 1994 would have their benefits computed under earnings sharing (i.e., people who reach age 62 or become disabled prior to 1994 would have their benefits computed under present law).

The following analysis of transitions I and II is based on the application of these transitions to the generic earnings sharing plan.

50/ Basing the guarantee on the amount of the couple's benefit would create serious problems. For example, there would be a question of how to compute the "couple's benefit guarantee" for a divorced person entitled to spouse's benefits on more than one ex-spouse's record. On the other hand, if the "couple's benefit guarantee" were limited to intact couples, and an individual guarantee applied to others, a marriage penalty/divorce incentive would be created in some cases, because higher total benefits would be paid if the couple divorced.

TRANSITION I
DECLINING PRESENT LAW GUARANTEE

Transition I includes a two-part transitional guarantee to reduce benefit losses caused: (1) by the fact that people would not have shared earnings for a full worklife, and (2) by the elimination of auxiliary benefits for widowed and divorced persons.

GENERAL SPECIFICATIONS

Specification: If higher than any benefit based on earnings sharing, 100 percent of the present law auxiliary benefit would be guaranteed to:

- persons who would have become eligible for surviving spouse's benefits, surviving divorced spouse's benefits or divorced spouse's benefits on the basis of a marriage that began before 1990; and
- persons who would have become eligible for surviving spouse's benefits or surviving divorced spouse's benefits on the basis of a marriage to a worker who died before 1995.

Specification: As an alternative to the earnings sharing benefit, a declining percentage of present law benefits would be guaranteed to persons who become eligible for benefits in 1995 through 2030. The present law benefits guaranteed would be those for workers and spouses (including divorced spouses but excluding surviving spouses).

- For people reaching age 62 or becoming disabled in 1995, the transitional benefit would be equal to 100 percent of the present law benefit.
- For people reaching age 62 or becoming disabled in each subsequent year, the transitional benefit would equal the present law benefit minus 1 percent for each year since 1995. (That is, 99 percent of the present law benefit would be guaranteed for people who become eligible for benefits in 1996 with the percentage declining each year until it would reach 64 percent for people who become eligible in 2030.)
- The transitional benefit would not be available to people reaching age 62 or becoming disabled after 2030.

Discussion: Two groups which would get significantly lower benefits than under present law because they would have less than a full worklife under earnings sharing are survivors and divorced persons whose marriages began before 1990. The transition would protect these people by providing a full present law guarantee. People married in or after 1990 whose marriages end in death or divorce might get lower benefits compared to present law, but they would have had no expectation of getting present law benefits when they married.

Another group which would get much lower benefits under earnings sharing is one-earner couples. The greatest loss for the sole earner in a one-earner couple would be about 38 percent of his or her benefit (considering sole earners with career earnings at or above the Federal minimum wage). The transition would phase in this loss over a 35-year period by allowing the present law guarantee to decline by 1 percent per year. At the end of the 35-year period--which is virtually a full work career--the guarantee benefit for such a high earner would just about equal the benefit under earnings sharing. In 2030, the earnings sharing benefit for such a higher earner would be 62 percent of the present law benefit; the guarantee benefit would equal 64 percent of the present law benefit. The transitional guarantee would no longer be available after 2030 because it would be unlikely to be higher than the earnings sharing benefit. Also, it seems reasonable to set a specific date some 40 years beyond enactment after which the transition would no longer apply to people becoming newly eligible for benefits.

EFFECT ON BENEFICIARIES

The 100-percent guarantee of present law benefit levels would not cause any new groups to gain, but it would protect many widowed and divorced women from losing. For example, the addition of this transition to the generic earnings sharing plan would cut the proportion of aged widows who would lose in 2030 from 67 percent to 13 percent. Similarly, the proportion of aged divorced women who would lose would decline from 39 percent to 12 percent. Because the guarantee would be based only on marriages that began before 1990, it would gradually phase out after 2030, as more people whose marriages began after 1990 would come on the benefit rolls.

While the effects of the transition still would be quite visible in 2030 for widows and divorced women, this would not be the case for men. Transition I would limit the reduction in men's benefits primarily in the early years of the transition. By 2030, the extent of losses for men would be virtually the same under the generic earnings sharing plan with or without including transition I. Adding transition I to the generic plan would not change the proportion of all aged men who would get lower benefits than under present law--64 percent.

This result would occur because the average benefit reduction for aged men who would get lower benefits under the generic plan would be about 13 percent in 2030 and, by then, the declining present law guarantee applicable to retired and disabled workers would have decreased by substantially more--36 percent for newly eligible beneficiaries. Since most men receive benefits as retired or disabled workers, little protection would be provided by 2030.

Transition I would have almost no effect on lessening reductions in couple's benefits in 2030. However, in 2010, transition I would cut the proportion of married couples receiving benefits who would get less under the generic earnings sharing plan than under present law from 37 percent to 29 percent.

TRANSITION II
DECLINING PRESENT LAW SPOUSE'S OR SURVIVING SPOUSE'S BENEFIT GUARANTEE

Transition II would be less costly than transition I because it would be of shorter duration and would have fewer guarantees for people whose benefits would be computed under an earnings sharing system.

GENERAL SPECIFICATIONS

Specification: Transition II would provide no special guarantees for workers and only limited protection for spouses and surviving spouses:

- Surviving spouses and surviving divorced spouses would be guaranteed 100 percent of the present law survivor benefit based on a marriage to a worker who dies before 1995.
- People who would have qualified under present law for spouse's or surviving spouse's benefits (including divorced spouse's or surviving divorced spouse's benefits) and who were married before 1990 would be guaranteed a declining percentage of the present law spouse's/surviving spouse's benefit. 51/ The percentage applicable would be based on the person's year of eligibility for benefits, as follows:

Spouse's Benefit		Surviving Spouse's Benefit	
Year of Eligibility	% of Worker's Basic Benefit	Year of Eligibility	% of Worker's Basic Benefit
1995	50	1995	100
1996	45	1996	95
1997	40	1997	90
1998	35	1998	85
--	-	--	-
--	-	--	-
2004	5	--	-
2005	0	--	-
		2014	5
		2015	0

51/ This transitional benefit would be treated as an auxiliary benefit and would be offset under the present law dual entitlement rules by any worker's benefit the person would be entitled to (including a worker's benefit based on shared or inherited earnings).

- **Transitional benefits would not be available to spouses who become eligible for benefits after 2004 or to widow(er)s who become eligible after 2014, regardless of whether the person was married before 1990.**

Discussion: This transition is intended to implement earnings sharing fairly quickly at a lower cost than transition I. As mentioned earlier, the protection provided under this transition would be limited to spouses and surviving spouses (and divorced spouses and surviving divorced spouses). While no special transitional provisions would be included for workers, the benefit reductions that would result under earnings sharing for high earners would phase in gradually because only earnings after 1989 would be shared.

The phase-out period for surviving spouse's benefits would be 10 years longer than that for spouse's benefits. This advantage for survivors was included to take account of the fact that widows generally depend more heavily on their Social Security benefits for support than do spouses and therefore would be in greater need of transitional protection.

EFFECT ON BENEFICIARIES

As expected, the protection provided under transition II would be much less than under transition I. By 2030, the effects of transition II on the beneficiary population would have virtually phased out.

Because of the brevity of transition II, it is necessary to evaluate its impact at a point earlier than 2030. DYNASIM simulations for 20 years earlier--in 2010--show that by then transition II would reduce the proportion of aged women who would get less under the generic earnings sharing plan than present law from 28 percent to 23 percent. However, for aged men, transition II would have no effect; the proportion who would lose would be 45 percent with or without the transition.

The two primary groups which would benefit somewhat from transition II in 2010 would be divorced and widowed women. The proportion of aged widowed women who would get less under the generic plan would decline from 33 percent (with no transition) to 24 percent using transition II. For divorced women, the comparable percentage would decline from 27 percent to 20 percent.

Transition II would have almost no impact on the benefit reductions that would occur in 2010 for couples--either those couples in which both members of the couple would receive benefits under present law or couples in which only one member would receive benefits.

COMPARISON OF DISTRIBUTIONAL EFFECTS OF TRANSITIONS I AND II

Tables A and B compare the effects of transitions I and II on the generic earnings sharing plan for individuals and couples in 2010 and 2030. As shown in Table A, transition I would be much more effective in alleviating the benefit reductions for women under that plan than transition II. While 28 percent of all women in 2010 would get less than present law under the generic earnings sharing plan with no transition, the addition of transition I would cut this percentage to 10 percent, while the addition of transition II would cut it only to 23 percent. In general, neither transition I nor transition II have much effect on lessening the extent to which benefits would be less for men under the plan.

Widowed People

Widowed women would benefit to a much greater extent under transition I than transition II. While 24 percent of widowed women would get less in 2010 under the generic earnings sharing plan with transition II, only 3 percent would lose with transition I (compared to 33 percent of widowed women who would get less under the plan with no transition). The difference between the effects of transitions I and II on widowed women in 2030 would be similar.

Divorced People

Divorced women would also be helped to a much greater extent by transition I than transition II, both in 2010 and 2030. For example, in 2010, 27 percent of divorced women would get less than present law under the generic plan with no transition; transition I would cut this percentage to 4 percent while transition II would reduce it only to 20 percent.

Table A

Percent of Individuals Age 62 and Older Who Would Receive Less Than Present Law Under The Generic Earnings Sharing Plan With Transition I and With Transition II

	No Transition	Transition I	Transition II
- - - - - - - - - - - - - COMPARISON IN 2010 - - - - - - - - - - - - -			
Women			
Total	28%	10%	23%
Married	25	21	24
Divorced	27	4	20
Widowed	33	3	24
Men			
Total	45	43	45
Married	61	59	61
Divorced	35	35	35
Widowed	2	1	2
- - - - - - - - - - - - - COMPARISON IN 2030 - - - - - - - - - - - - -			
Women			
Total	37%	11%	34%
Married	13	11	13
Divorced	39	12	36
Widowed	67	13	62
Men			
Total	64	64	64
Married	86	86	86
Divorced	67	66	67
Widowed	11	8	10

Table B

Percent of Couples Age 62 and Older Who Would Receive Less Than Present Law Under The Generic Earnings Sharing Plan With Transition I and With Transition II

	No Transition	Transition I	Transition II
COMPARISON IN 2010			
Both Spouses are Beneficiaries			
Total	37%	29%	36%
Wife Worker Only	12	9	12
Wife Dually Entitled	58	44	56
Wife Spouse Only	66	56	66
Only One Spouse is Beneficiary			
Husband	77	77	77
Wife	12	6	10
COMPARISON IN 2030			
Both Spouses are Beneficiaries			
Total	46%	44%	46%
Wife Worker Only	32	31	32
Wife Dually Entitled	58	54	57
Wife Spouse Only	88	86	88
Only One Spouse is Beneficiary			
Husband	82	82	82
Wife	9	6	9

Married People

Transition I would provide far more protection for married couples than transition II--at least in 2010. As shown in Table B, transition II would have only a very minor effect on couple's benefits in 2010 under the generic plan. However, transition I would cut the number of couples who would get less by about one-sixth. By 2030, there would be little difference between the two transitions in their treatment of married couples under the plan.

Additional tables showing the effects of transitions I and II can be found in Appendix I.

COMPARISON OF COST EFFECTS OF TRANSITIONS

As demonstrated above, the distributional effects of earnings sharing are heavily dependent on the particular transition chosen. Similarly, the cost of implementing earnings sharing would be directly related to the transition used. The following table provides information on the cost difference between transition I and transition II by comparing the cost of the generic and modified earnings sharing plans if no transition were used with the cost of the plans if transition I or II were used.

Long-Range Net Cost of Two Earnings Sharing Plans With and Without Transitions a/
(shown as a percent of taxable payroll)

Generic Earnings Sharing Plan	1984-2008	2009-2033	2034-2058	Total 1984-2058
No Transition	-0.08%	-0.15%	-0.11%	-0.11%
Transition I	0.07	0.38	0.60	0.35
Transition II	-0.02	-0.06	-0.02	-0.04
Modified Generic Earnings Sharing Plan				
No Transition	0.00%	0.26%	0.60%	0.29%
Transition I	0.10	0.75	1.34	0.73
Transition II	0.03	0.37	0.76	0.39

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a/ Net cost is defined as additional cost during the specified period minus the additional income due to the taxation of benefits provision during the same period.

As shown, if generic earnings sharing were implemented without a transition, there would be a long-range net saving of 0.11 percent of taxable payroll. Adding transition II--the less generous of the two transitions--would reduce the long-range saving by about 0.07 percent of taxable payroll, resulting in a long-range saving of 0.04 percent of taxable payroll. Alternatively, adding transition I would increase the cost of the plan by 0.46 percent of taxable payroll, bringing the long-range cost to 0.35 percent of taxable payroll.

The cost effect of the two transitions when used with the modified earnings sharing plan would be very similar. The additional cost attributable to transition II would be 0.10 percent of taxable payroll and the additional cost attributable to transition I would be 0.44 percent of taxable payroll.

EFFECTS OF EARNINGS SHARING AFTER TRANSITION HAS PHASED OUT

It should be noted that in 2030 (40 years after enactment) earnings sharing would not be fully effective for most of the aged beneficiary population then receiving benefits. Rather, earnings sharing would be fully effective in 2030 only for those people who had spent their entire working lifetimes under earnings sharing--e.g., workers who reached age 62 in 2030 and who began working at age 22 in 1990.

Since the transitional provisions have such an important impact on the distributional effects of earnings sharing in 2030, it would be useful to evaluate the full effect of earnings sharing after the transition had phased out. The preferable approach for evaluating this effect would be to look at the distributional results after 80 years of sharing--that is, in 2070. With a full 80 years of earnings sharing possible by 2070, all but the very few most elderly beneficiaries (e.g., those over 100 years old) would have had the opportunity to share earnings throughout their working and married lives. However, it is obvious that the further out in the future the year to be simulated is, the less reliable the resultant data would be. Developing DYNASIM projections for the year 2070--85 years in the future--would present difficult technical problems. For example, since many of the assumptions underlying the DYNASIM model are tied to the 1983 Trustees Report Alternative II-B economic and demographic assumptions, there would be a problem in that those assumptions are not projected past the year 2058.

In order to use the DYNASIM model to get some idea of information on how the full effects of earnings sharing could differ from the effects after 40 years, a distributional impact was simulated for the generic earnings sharing plan in 2030, assuming that the transition had phased out and that all beneficiaries in 2030 would have had an opportunity to share earnings over their entire working and married lifetimes. While such a simulation would, of course, require sharing for years before 1990, it should be noted that this simulation was done for illustrative purposes only. There would be significant problems, detailed elsewhere in this report, with implementing sharing retrospectively (see Chapter II, Retrospective Earnings Sharing section).

It is true that a simulation of the effects of earnings sharing in 2030 would reflect somewhat different lifetime labor force participation rates for women than a comparable simulation for 2070. However, it is important to note that the very low labor force participation rates for women in the 1950's and 1960's that might be expected to heavily influence the results would actually have little effect on the simulation in 2030 since women who are age 80 or younger in 2030 would have entered the labor force sometime after 1970. Furthermore, most of the growth in women's labor force participation rates by 2030 is projected to occur by the year 2000. Thus, by the year 2030, women in their sixties will have had roughly comparable labor force histories to women reaching retirement age in 2070, except for the early years of their working lifetimes. Women in their seventies in 2030 will have had labor force histories that will reflect a large part, but not all, of the projected growth in labor force participation rates.

The main effects of sharing earnings for 80 years (instead of 40 years) under the generic earnings sharing plan after the transition had phased out would be:

- The percentage of widows who would gain would be about 48 percent compared to 25 percent who would gain after 40 years of sharing using either transition I or no transition.

- The percentage of widows who would lose would be substantial (44 percent), with an average decrease in benefits of 19 percent for those who would get less than under present law. The 44 percent would be a decrease relative to the proportion of losers after 40 years of earnings sharing if no transition were provided (67 percent), but would be a substantial increase compared to the proportion of losers under transition I (13 percent).

- For widows receiving relatively low benefits (i.e., benefits in the first quartile--average benefits of $5,734 a year):

  - Average benefits would increase 16 percent relative to present law--compared to a decrease of about 10 percent after the generic earnings sharing plan had been effective for only 40 years (with no transition) and compared to an increase of about 5 percent under the generic earnings sharing plan with transition I.

-- About 17 percent would get lower benefits than under present law; this compares to 49 percent who would lose under the generic earnings sharing plan after 40 years of sharing with no transition and 7 percent who would lose under the generic plan with transition I.

- Of all divorced women:

  -- About two-thirds (67 percent) would receive higher benefits than under present law. This compares to 50 percent who would gain after 40 years of sharing with either no transition or transition I.

  -- About 27 would receive lower benefits than present law--a drop from the 39 percent who would lose after only 40 years, with no transition. However, the 27 percent would represent a substantial increase relative to the 12 percent of divorced spouses who would lose in 2030 after 40 years under transition I.

- For aged divorced women with benefits in the lowest quartile (average benefits of $4,595 a year):

  -- About 88 percent would gain, relative to present law. The proportion that would gain after 40 years of sharing (with or without transition I) would be 68 percent.

  -- About 6 percent of aged divorced women with benefits in the lowest quartile (average benefits of $4,595 a year) would get lower benefits than under present law, compared to 15 percent of such divorced women under the generic earnings sharing plan after 40 years with no transition and 7 percent with transition I.

- The proportion of aged women who gain would be 63 percent. Average benefits for all aged women would increase by about 10 percent relative to present law; after only 40 years of sharing with no transition, average benefits for this group would be lower than present law by about 3 percent.

- The proportion of aged men who would get less than present law would be about 66 percent--slightly more than the percentage who would lose after 40 years of sharing with no transition (64 percent).

The tables at the end of this chapter provide more detailed information on the effects of the generic earnings sharing plan in 2030 after 80 years of sharing.

CONCLUSION

Because earnings sharing would result in benefit reductions for major groups of beneficiaries (in part because sharing of earnings would be limited to years after 1989), some kind of transitional provisions would seem to be necessary. The two transitional plans discussed in this chapter are illustrative of the kinds of transitions that could be developed to phase in earnings sharing.

Transition I would provide a more extensive guarantee of present law benefits and would be of a much longer duration than transition II. Consequently, the extent of protection afforded by the two transitional provisions would differ widely. This is illustrated by the effect the two transitions would have on widows in 2030. Only 13 percent of widows would receive less than present law under the generic earnings sharing plan with transition I, while about 62 percent would receive less under the generic plan with transition II. (If no transition were provided, 67 percent of widows would get less under the generic plan than present law.) The effects of these two transitions on widows in 2030 also illustrate that the nature and length of the transition chosen would determine, to a large extent, both the distributional results and cost effects of an earnings sharing plan.

In order to illustrate the results of earnings sharing after the effects of a transition have disappeared, distributional results were developed for the generic earnings sharing plan in 2030, assuming sharing of earnings for 80 years. This simulation showed that after 80 years of sharing (instead of 40 years) the proportion of widows and divorced women who would get less under the generic plan than present law would increase significantly relative to the comparable percentage who would get less under transition I (after 40 years of sharing). However, relative to the generic plan with no transition, the proportion of widows and divorced women who would lose after 80 years of sharing would decline.

GENERIC EARNINGS SHARING IN 2030 WITH 80 YEARS OF SHARING (NO TRANSITION)

TABLE 1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	2605	2485	3856	15337	5853	9515
% WITH NO CHANGE	10%	13%	3%	3%	14%	8%	10%	6%
% WITH INCREASES	43	40	14	89	72	48	22	67
GAIN 1-5%	14	17	4	3	23	6	9	7
GAIN 6-20%	17	19	7	16	34	20	10	25
GAIN 21+%	13	4	3	70	15	22	3	34
% WITH DECREASES	47	47	83	8	14	44	69	27
LOSE 1-5%	20	26	7	2	4	7	12	5
LOSE 6-20%	20	18	48	3	7	21	49	11
LOSE 21-99%	6	3	28	3	2	16	8	11
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$14597	$16921	$10687	$ 6137	$ 9865	$ 9293	$ 9740	$ 7649
% DIFF (PROPOSAL)	1.0%	0.1%	-12.4%	38.7%	5.9%	-0.6%	-6.9%	5.9%
GAINERS								
PRES LAW BEN.	$13604	$17180	$ 8268	$ 5852	$ 9564	$ 8159	$ 7969	$ 6750
% INCR (PROPOSAL)	13.1%	8.0%	17.1%	48.0%	10.5%	21.4%	9.6%	22.0%
LOSERS								
PRES LAW BEN.	$15093	$16647	$11093	$ 9118	$10162	$10822	$10319	$ 9896
% DECR (PROPOSAL)	-8.8%	-6.8%	-16.5%	-20.1%	-11.0%	-18.9%	-11.8%	-20.4%

GENERIC EARNINGS SHARING IN 2030 WITH 80 YEARS OF SHARING (NO TRANSITION)

TABLE 9

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	13414	3365	3353	3378	3324
AVG. PRES LAW BEN (1984 $)	$16921	$11425	$15400	$18313	$22579
% WHO WOULD GAIN	40%	36%	37%	40%	47%
% WHO WOULD LOSE	47%	50%	51%	46%	40%
% DIFF IN AVG BEN	0.1%	1.6%	-0.5%	-0.2%	-0.1%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	15337	3860	3764	3914	3806
AVG. PRES LAW BEN (1984 $)	$ 9293	$ 5734	$ 8149	$10060	$13233
% WHO WOULD GAIN	48%	68%	62%	41%	21%
% WHO WOULD LOSE	44%	17%	30%	53%	76%
% DIFF IN AVG BEN	-0.6%	15.8%	9.6%	-0.3%	-14.3%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	3856	951	976	968	960
AVG. PRES LAW BEN (1984 $)	$ 9865	$ 5868	$ 8571	$10655	$14350
% WHO WOULD GAIN	72%	77%	77%	73%	62%
% WHO WOULD LOSE	14%	11%	12%	16%	15%
% DIFF IN AVG BEN	5.9%	15.4%	7.4%	4.3%	2.3%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	9515	2443	2347	2356	2372
AVG. PRES LAW BEN (1984 $)	$ 7648	$ 4595	$ 6373	$ 8183	$11519
% WHO WOULD GAIN	67%	88%	82%	64%	34%
% WHO WOULD LOSE	27%	6%	12%	31%	60%
% DIFF IN AVG BEN	5.9%	27.2%	17.8%	7.2%	-10.4%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5853	1458	1467	1446	1483
AVG. PRES LAW BEN (1984 $)	$ 9740	$ 5628	$ 8496	$10734	$14042
% WHO WOULD GAIN	22%	37%	25%	15%	9%
% WHO WOULD LOSE	69%	49%	68%	78%	81%
% DIFF IN AVG BEN	-6.9%	-0.5%	-6.9%	-8.7%	-8.2%

GENERIC EARNINGS SHARING IN 2030 WITH 80 YEARS OF SHARING (NO TRANSITION)

TABLE A1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	27935	43793	15889	15462	9706	24850	2343	3486
% WITH NO CHANGE	14%	13%	3%	2%	11%	7%	100%	100%
% WITH INCREASES	20	63	10	90	42	55	0	0
GAIN 1-5%	7	5	3	3	15	6	0	0
GAIN 6-20%	9	19	4	17	19	22	0	0
GAIN 21+%	4	40	3	69	8	27	0	0
% WITH DECREASES	66	24	87	8	47	37	0	0
LOSE 1-5%	6	4	5	2	9	6	0	0
LOSE 6-20%	38	11	48	4	33	17	0	0
LOSE 21-99%	21	9	34	2	5	14	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10234	$ 7625	$10784	$ 6126	$ 9792	$ 8664	$ 8345	$ 6932
% DIFF (PROPOSAL)	-9.6%	9.5%	-15.0%	30.2%	-1.8%	1.6%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 8566	$ 6721	$ 7246	$ 5945	$ 9066	$ 7503	$ 0	$ 0
% INCR (PROPOSAL)	11.6%	28.2%	15.8%	36.5%	10.3%	21.6%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$10988	$10226	$11214	$ 7726	$10300	$10566	$ 0	$ 0
% DECR (PROPOSAL)	-16.3%	-18.9%	-17.7%	-15.5%	-11.7%	-19.3%	0.0%	0.0%

CHAPTER VI
ADMINISTRATIVE ASPECTS OF EARNINGS SHARING

OVERVIEW

As stated in Chapter II, a change from the current Social Security system to an earnings sharing system would have a significant impact on all aspects of SSA's operations. In general, the implementation of earnings sharing would require both the establishment of new operational procedures and expansion of current operational procedures; that is, it would require collection, verification and recordkeeping procedures that heretofore have been unnecessary; and it would increase the size and complexity of almost all the procedures SSA now performs. All the plans that have been discussed in the report begin sharing earnings 5 years after enactment of legislation in order to allow adequate time for designing a new and highly complex system of recording earnings and computing benefits. Benefits based on shared earnings would begin 10 years after enactment.

It should be noted that each of the earnings sharing plans analyzed in this report would have its own set of administrative considerations. These considerations flow from such plan features as when earnings credits would be split, at what point earnings sharing would terminate, how insured status would be determined, etc. A final and comprehensive assessment of administrative impact could not be completed until policy decisions were made defining a specific earnings sharing plan for legislative consideration. It is clear, however, that the administrative impact of any major earnings sharing proposal would be of such major significance that consideration of administrative effects must be an important part of the legislative policymaking process. Following is a brief description of the overriding administrative concerns that any earnings sharing plan would entail.

SYSTEMS IMPLICATIONS

SSA processes almost 4½ million claims for retirement, survivors and disability benefits every year. A major goal of the agency, of course, is to pay the correct amount to the correct person in a timely and efficient manner; to assure that this goal is met, SSA constantly monitors processing time and payment accuracy. Currently, it takes an average of 23 days to process retirement claims with a payment accuracy of over 96 percent.

The impact of earnings sharing on the claims process would depend on how successfully the agency could implement a new automated system. This would be possible only if enough leadtime were allowed for SSA to develop and test a new system. Processing times for benefit claims would at least double, and payment accuracy would drop substantially, if that system were not in place prior to implementation.

While SSA estimates that it would take at least 5 years to develop an automated system to implement any earnings sharing plan, the development time would depend on the details of the plan and SSA's current systems' commitments. Implementing earnings sharing would require the establishment of a new data base consisting of marital history information. (Various ways of collecting the information needed to establish and maintain the new data base are discussed later in this chapter.) It would be necessary to develop new computation methods as well as to develop the capability to compare benefits computed under these new methods, at least during a transitional period lasting several decades. In addition, existing claims records would have to be revised, new forms would be needed, and all computation programs would have to be rewritten.

SSA currently has several projects underway that are designed to improve both payment accuracy and claims processing time. The most far-reaching of these projects is the 5-year Systems Modernization Plan (SMP), which involves a major overhaul of the agency's computer systems at a cost of nearly half a billion dollars. The effect of earnings sharing on SSA's claims processing procedure would depend to some degree on how far along the SMP was at the time an earnings sharing plan were implemented. However, regardless of SSA's hardware capabilities, there would be a need for a massive software development project in order to create a national marital history data base, to apply new definitions of workers and auxiliaries and to completely restructure computation formulas. These tasks, of course, would involve significant cost and work hours, which could delay progress toward systems modernization.

In addition to processing initial claims, SSA must also maintain the present law beneficiary rolls in a current status. This operation involves more than 65 million actions yearly. Of these, more than 50 million could be affected by earnings sharing. This number includes 19 million postadjudicative transactions processed in the program service centers, which require interaction with SSA's computer systems. This huge postadjudicative workload includes operations to enforce compliance with the annual earnings test, to recompute benefits to give credit for additional earnings, to process annual reports of earnings, to pay cost-of-living increases, to notify employers about incorrectly reported employee earnings, and to make postadjudicative benefit adjustments following appeals and reconsiderations. Major operations, such as payment of cost-of-living increases, can affect between 600-900 different computer programs.

Earnings sharing would have a significant effect on this large volume of benefit adjustments. Adequate leadtime to allow SSA to develop and test automated postadjudicative methods of processing benefit adjustments would be essential. This is because all computer programs which affect postadjudicative benefit payment would have to be revised prior to implementation.

ESTABLISHING MARITAL STATUS

While the impact of earnings sharing on SSA's processing systems would be significant, the most challenging implementation issue with regard to earnings sharing is the question of how SSA would collect and verify marital information. Analysis of this issue comprises the major portion of the following chapter.

The analysis will include the following:

- an overview of current guidelines for establishing marital status under present law,
- a brief description of the practices and procedures involved in developing marital status,
- a discussion of how earnings sharing would change and expand the need for development and verification of marriages and divorces, and
- an examination of various options for collecting and verifying this information.

Establishing Marital Status under Present Law

In general, SSA turns to State law to determine validity of marriage and recognizes a marriage as valid if the State with jurisdiction recognizes it as valid. The most common types of marriage are ceremonial marriages and common-law marriages. 52/ Some States also recognize putative marriages. These are marriages which, although technically invalid because of a legal impediment, are held nevertheless to be valid marriages because they were contracted in good faith, since one or both of the spouses were unaware of the impediment. The essential factor in a putative marriage is that the spouse's good faith must exist at the inception of the marriage and continue until the application for benefits is filed or until the worker dies, whichever is earlier. A putative spouse acquires the status of spouse because he or she is recognized as having inheritance rights under State law. Indian tribal marriages and Chinese custom marriages are also recognized in some States.

In addition, SSA also uses the concept of "deemed marriage," which is defined in the Social Security Act (section 216(h)). SSA can establish a deemed marriage if the marriage does not meet State legal requirements, but would be valid except for a legal impediment.

The only legal ways for marriages to end, other than death, are divorce and annulment. As in the case of marriage, Social Security follows State law in determining the validity of a divorce or annulment. The terms of the final divorce or annulment decree are important since they can have an effect on the validity of subsequent marriages.

To terminate a marriage, a divorce decree must be final; separation agreements are not final. The provisions contained in divorce decrees vary; under a divorce decree, the parties may be free to remarry, or the decree may stipulate waiting periods for remarriage and/or prohibit remarriage to certain people.

The definition of annulment depends on how a particular jurisdiction or State uses the term. Annulments differ in that some declare marriages as always void, some void voidable marriages and some terminate valid marriages. The actual decrees of annulment and/or laws of local jurisdictions specify if the marriages involved are dissolved from inception or from the date of the decree.

52/ The following jurisdictions recognize the validity of a common-law marriage: Alabama, Colorado, Georgia, Idaho, Iowa, Kansas, Montana, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas and the District of Columbia.

Marriage and divorce information is not pertinent to payment of retirement or disability claims for workers since marriage is not a factor of entitlement for those benefits. (Claims in which marital status is not relevant constitute approximately 65 percent of claims processed each year.)

Information on marriages and divorces is required when it is essential to establish eligibility for benefits based on marital status (e.g., spouse's, divorced spouse's, widow(er)'s and surviving divorced spouse's benefits). In those cases, only marriage information with respect to the marriage on which the entitlement to benefits is based is routinely verified. The exact dates of relevant marriages and divorces are not routinely ascertained--in general, the only factor that matters is that the event occurred and that it establishes the necessary relationship.

Individuals seeking to qualify for benefits as widows or widowers based on their last marriages are required to submit proof of the last marriage. However, with respect to current marriages in retirement or disability cases, the spouse's allegation of a ceremonial marriage generally is accepted if the worker confirms the existence of that marriage in writing. Proof of marriage is required only if, for example, the marriage took place within the last 4 years, the alleged marriage was not a ceremonial marriage, the spouse is claiming benefits as a deemed spouse or the file raises doubt about the relationship. An allegation that a prior marriage ended in divorce also generally is accepted unless the alleged date of the divorce casts doubt on the validity of the current (or last) marriage.

An unmarried individual who has been married more than once can claim benefits on whichever marriage pays the highest benefit. Those seeking benefits based on prior terminated marriages, of course, need to submit proof of marriage, divorce or death, and termination of any subsequent marriages. Divorced and surviving divorced spouses must conclusively prove that the marriage to the worker lasted at least 10 years. However, the number of claims paid based on divorce compared to others is extremely small. Only 1.1 percent of all claims awarded in 1983 were for divorced spouse's or surviving divorced spouse's benefits.

If there is a need to verify the existence of a prior marriage (e.g., there is a discrepancy that casts doubt on the validity of the present marriage, higher benefits may be payable based on a prior spouse's earnings, two individuals claim to be the legal spouse, etc.), development time can be increased anywhere from a few days to a few months. This increased development time is due, in part, to the fact that all records of divorces and marriages are not centralized and, in part, to the fact that some persons fail to accurately recall (or do not know) all of the material information concerning prior spouses' marriages and divorces.

If a claimant is unable to obtain the necessary proof of marriage or divorce, SSA staff contacts the appropriate source of the information--usually the State agency responsible for a central register of vital records on marriage and/or divorce. However, direct contact with local authorities may be necessary in 25 States for marriage records and 35 States for divorce records since they lack central registers for events before 1945. In addition, in the majority of States, divorce records are filed within the central register by the date and county in which the divorce was granted. If a claimant is unsure of a material fact, development may require that records be manually searched for several years and/or in several jurisdictions. This process is both time consuming and costly.

For additional details on the current guidelines for development of marriage and divorce, see the supplement immediately following this chapter.

Effects of Earnings Sharing on Marriage and Divorce Development

Under earnings sharing, unlike under present law, marital status would affect the amount of benefits payable in the overwhelming majority of cases (e.g., the DYNASIM simulation indicates that, in 2030, 92 percent of people age 62 or older will have been married at some time in their lives and 43 percent will have been married more than once). Exact dates of all marriages and divorces would be needed in order to determine accurately the years for which earnings of a couple would be shared. In addition, because the fact of, and duration of, each marriage would be material in determining benefit amounts for those involved, verification of all marriage and divorce information furnished would be mandatory. Allegations, even of ceremonial marriages, could no longer routinely be accepted.

The relative difficulty of verifying marital information would depend to some degree on the source and timing of the report of marriage/divorce. For example, a ceremonial marriage reported shortly after the event would be relatively easy to verify. It should be recognized that all of the relationship development problems outlined in this section would exist to some extent regardless of the reporting method used, since many marriages existing at the time earnings sharing was first implemented would have to be reported and validated years after the fact.

Most people would be able to furnish primary proof of marriage--a marriage certificate. However, many people would not have primary proof of marriage and would be unable to obtain such proof. [53] Since documentary evidence would be required in every case under an earnings sharing system, those individuals who could not obtain a marriage certificate would have to supply secondary proof of marriage. Secondary proof includes a signed statement from the person who performed the ceremony, statements from actual witnesses, newspaper accounts, statements from at least two persons "having knowledge" that the ceremony took place, etc. The necessity of getting this kind of evidence would increase claims processing time and costs under earnings sharing, since secondary proof of marriage is frequently difficult to obtain.

Even under present law, parties to a common-law marriage do not, of course, have evidence of a ceremonial marriage and, therefore, must produce secondary proof concerning the existence of the relationship. The complexity of establishing common-law marriage relationships would increase under earnings sharing, because, in order to split earnings for each year of marriage, SSA would have to obtain evidence establishing the inception of the relationship rather than just evidence confirming the relationship's existence, as under present law.

Marriage development under earnings sharing would be further complicated by the fact that SSA's use of the "deemed marriage" concept would no longer be practical. In a "deemed" spouse situation, there are usually two individuals who claim to be the spouse of the worker during the same period of time. The current deemed marriage provision, which does not take precedence over State law, allows a "deemed" spouse to be entitled to benefits on a worker's record only until the spouse recognized by State law becomes entitled to benefits on that worker's record. Under earnings sharing, it would not be feasible to split earnings based on a "deemed" marriage, since ultimately the same earnings may rightfully belong to the legal spouse as recognized by State law. Elimination of the deemed marriage procedure would mean that SSA would have to develop the more labor-intensive and time-consuming common-law and putative marital relationships.

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[53] Marriage records are kept well in almost every locality. However, there are "pockets" in which records are missing; e.g., in the 1970's, Toledo, Ohio, misplaced 5 years of records and has been unable to locate them.

In addition, unlike under present law, no allegations of divorce could be accepted under earnings sharing. Developing every divorce would result in a significant increase in time needed to process benefit claims to payment and in overall workload, since, as discussed earlier, this development often requires manual searches of divorce records.

Furthermore, questions raised about the dates of marriages and divorces might well require that SSA routinely rule on the validity of these events. SSA is seldom required to do this under current law and procedures.

OBTAINING AND VERIFYING MARITAL HISTORIES

It would be essential for SSA to develop an efficient method for collecting, verifying and storing marital information on every person who files (or may potentially file) a claim for benefits. The method and time at which marital information would be reported/collected and verified would determine to a great degree the accuracy and completeness of the data and the complexity and cost of claims processing under an earnings sharing system. Several options for obtaining and verifying the necessary information about marriage and divorce are discussed below. Virtually any method of obtaining marital information could raise serious questions with regard to individual privacy rights.

Voluntary Reporting System

The effectiveness of any of the methods of collecting marital information would be dependent upon compliance with reporting requirements. A "voluntary" reporting system, such as having individuals report their marriages or divorces to SSA when they occur, would be virtually unworkable from an administrative standpoint. Compliance would tend to be spotty and irregular at best since those who might expect to "gain" would tend to be more likely to report than those who might expect to "lose." Voluntary reporting would necessitate a "backup" reporting system when a claim for benefits was filed and would, therefore, include the implementation problems associated with a report-at-filing system discussed in the following section. The creation and maintenance of two systems would be both costly and inefficient.

Mandatory Reporting Systems

All the reporting options discussed below would require establishing and retaining a detailed record of marriage, divorce and death information for the purpose of sharing earnings. As stated earlier, in order for earnings credits to be split properly and for correct benefit amounts to be paid to individuals, the reporting of marital information would have to be complete and accurate and the information would have to be recorded and stored in a manner which would facilitate payment of claims based on this information.

There are, however, some privacy considerations that should be kept in mind in relation to the acquisition and verification of marital histories for the purpose of earnings sharing. The collection, maintenance, use and dissemination of personal information by Federal agencies is dictated by the Privacy Act. The Privacy Act directs agencies that maintain systems of records of personally identifiable information to collect that information, "to the greatest extent practicable, from the subject individual" when the information directly pertains to the individual's rights, benefits and privileges under the programs administered by the agency. The collection of marital information from any other source would be inconsistent with this directive.

Option A--Individuals Would Report Marital History When a Claim for Benefits Was Filed

Under present law, evidence of marital relationships, when required for payment of a benefit, is developed when the application is filed. If this procedure were continued under earnings sharing, individuals would report their entire marital histories to their local Social Security offices when they applied for benefits. However, studies have shown that information solicited years after an event occurs tends to be much less reliable than information provided shortly after an event. Especially in cases of former marriages which may have occurred some 30 to 40 years prior, the date, location of the marriage, divorce, or death of a former spouse, the former spouse's Social Security number, etc., are often forgotten or remembered incorrectly. Thus, this option would have most of the same problems described with regard to retrospective earnings sharing in Chapter II and would therefore be virtually infeasible.

Considerations:

- Inability or failure to accurately and completely report and verify marital history would result in payment of incorrect benefit amounts. Higher earners would generally benefit from failing to report prior marriages, while former spouses who had lower earnings would receive lower benefits if they were unable to provide evidence of former marriages and correctly recall former spouses' SSN's.
- The need to obtain and verify a person's entire marital history at the time the claim was filed would increase claims processing time and administrative costs.

- Determinations about dates of marriages and divorces made when claims were filed would be more error prone than determinations made near the time the events occurred.
- The number of overpayments and appeals could be expected to increase significantly.
- Because determinations of the dates of marriages and divorces would affect the future benefit amounts of any former spouses, due process might require SSA to inform all former spouses of the determinations and provide them an opportunity to challenge these determinations.
- Notifying the other parties involved in prior marriages and divorces would be problematic, particularly since in many cases the former spouse's whereabouts would be unknown.
- Collecting marital information at the time that claims for benefits were filed, would require scrapping (or substantially revising) an accelerated procedure now used in local field offices for processing less complicated benefit claims very quickly. Losing the advantage of the accelerated procedure for the bulk of cases would significantly increase claims processing time and costs, since under this procedure it takes 17 fewer days to process a claim than under the next fastest means of processing.

Option B--Individuals Would Report When an Event Occurred

Under this option, individuals would report marriage and divorce information to SSA within a specified time after the event occurred. At the time of reporting, the person would also submit verifying documents (marriage and divorce certificates) as well as the name, address and SSN of his or her spouse or former spouse. The spouse or former spouse would be notified in order that he or she could question the person's allegation concerning the marriage/divorce. If no challenge were received within a specified period, the marital information would be deemed correct.

Considerations:

- Reports of changes in marital status made near the time the events occurred would be more reliable, and records verifying the dates of those events would be more readily available.
- SSA would be required to maintain an ongoing recordkeeping operation to store the information reported on all marriages and divorces, cross-referenced with the records of the spouses

with whom credits would be split. For SSN's that were missing or incorrect, manual searches and processing of other records would be required. This could create a large workload at the time the person filed for benefits and cause significant increases in claims processing time.

- Individual reporting likely would be haphazard and incomplete. Also, individual reports would not be in a form that could be used without further processing by SSA's automatic data processing (ADP) system.
- Considering the large volume of changes in marital status each year (there were 2.5 million marriages and 1.2 million divorces in the United States in 1982), recording and verifying information on marital status and maintaining the information after converting it into a form usable by the ADP system would increase SSA's administrative costs significantly.
- There would be no feasible way to enforce the mandatory reporting requirement since there would be no immediate monetary results one way or the other. If, in fact, a person did not report a marriage/divorce until he or she applied for benefits, SSA would be placed in the untenable position of having to ignore the existence of the marriage/divorce for earnings sharing purposes since it was not reported within the time limit. (If, on the other hand, SSA did not enforce the time limitation for reporting, the system would, in effect, be the reporting-at-filing procedure previously discussed.)
- Absent effective penalties, an earnings sharing plan that included a mandatory reporting option would, in fact, be a voluntary earnings sharing system, since only those who would report marriages/divorces within the specified period would receive benefit amounts based on shared earnings for that marriage.
- Since the effect of sharing earnings credits for the higher earner would be a lower benefit amount, some high earners might choose not to report marital events. Similarly, some low earners could be unaware of the implications of not reporting events on time and could, by failing to report an event, lose the right to share earnings.

Option C--Marital History Information Would Be Obtained from Other Sources

Under this option, SSA would obtain information about the marital status of workers and the identities of their spouses from sources other than the individuals involved. One possible source of information would be the Internal Revenue Service (IRS). IRS could collect marital information from tax returns and forward the information to SSA annually. Individuals who might not bother to take special action to report a change in marital status to SSA directly might furnish the information if it were asked for on a form that they would routinely file as part of their income tax returns.

A disadvantage of collecting information from tax returns is that reports would not be available from people who are not required to file a tax return or from people who fail to do so. It is estimated that, in any given year, 17 percent of those who should file tax returns fail to file them. Further, the Internal Revenue Code (IRC) is very specific as to the uses that can be made of tax return information. At this time, the IRC contains a provision that expressly authorizes SSA to obtain and use specified tax return information in its administration of Social Security Act programs. That information is limited, however, to the amounts of taxable earnings under specific sections of the IRC. Consequently, legislation would no doubt be required before marital information from tax returns could be acquired from IRS.

A second possible source of information would be the marriage, divorce and death certificates recorded by State and local jurisdictions. While obtaining data from these sources appears efficient, collecting the data could be problematic since many records are maintained at county or local levels and not by the State government. Also, since SSN's are generally not included on these certificates, they would have very limited value. Further, this method of collecting information raises questions about whether States could actually be required to provide the information given that the recording of vital statistics has generally been a matter reserved to the States. Further, many States might resist the idea of reporting all marriages and divorces for Social Security use because of restrictions in their own privacy laws. Those States that agreed to provide this information might require strict prohibitions against redisclosure of this kind of information. This option also raises the issues of whether, and, if so, how States that would provide information would be reimbursed for the additional costs that would be involved.

It has been suggested that employers could report the marital status of their employees and identities of their spouses annually through W-2 forms or on magnetic tapes or disks used to report earnings. However, since employers do not necessarily collect information about the marital status of their employees on a routine basis, this method would require employees to report personal information to their employers. Such a plan would almost certainly be viewed as an intrusion into the employment relationship and would likely be extremely distasteful to both employees and employers. Also, a separate reporting system would be needed for self-employed and unemployed persons since employers would not include these groups in their reports.

Considerations:

- As under Options A and B, SSA would have to maintain extensive records of marriages and divorces. In addition to being costly, this pooling of information on all citizens would in effect be a national marital data registry and would raise a fundamental issue concerning the appropriateness of expanding the Government's role in collecting and storing personal information.
- Except for information obtained directly from marriage certificates and divorce decrees as recorded by States and localities, the information received from third parties would have to be verified before SSA could enter the information on its permanent records.
- None of the third-party sources could supply complete information. For example, States would not have records on foreign marriages and divorces or on common-law marriages, and not everyone files a tax return with IRS. Thus, all of the methods would require supplementation by individual reporting.
- If marital information were to be obtained from tax returns, the IRC would have to be amended to allow IRS to disclose the information to SSA. Also, 50 million tax returns would have to be examined annually to determine which individuals had married or divorced during the year.

CONCLUSION

In short, the impact of implementing an earnings sharing plan on SSA's systems requirements, claims processing time, payment accuracy and workloads would be determined to a great extent by the features of the earnings sharing plan itself. Nevertheless, it is clear that adoption of any full-scale earnings sharing plan would require massive changes in the agency's current procedures and would entail substantial administrative costs, particularly in the early years.

Two administrative considerations are of paramount importance in assessing the feasibility of earnings sharing implementation:

1. First, and most important, no earnings sharing plan could work at all unless a suitable system were developed for obtaining, verifying and recording on an ongoing basis the marital history of virtually every person working in covered employment. Because not even the basic framework for such a system exists currently, establishment of a marital information system would be a huge and time-consuming task. Social Security's Office of Financial Resources (OFR) estimates the cost of setting up a new marital information data base, manually processing the records which could not be fully automated and reimbursing the States and localities for marital history records to be in excess of $150 million. Furthermore, the cost of maintaining and updating the data base is estimated to exceed $10 million yearly. It should be noted that these estimates are extremely rough and are based on the optimistic assumption that the transfer of marital information would be at least 80 percent automated. This degree of automation would be unlikely given the current state of marital history records and would be virtually unattainable if marital information were collected at the time a claim was filed.

   Further, establishing and maintaining this kind of system would most certainly involve fundamental questions about the privacy rights of individuals and could raise States' rights and/or constitutional issues as well. Setting up a centralized, national marital information record, for example, would represent a significant departure from the way information on personal activities has traditionally been treated in the United States and would be highly controversial. Without such a comprehensive record, however, it is questionable whether earnings sharing could be applied evenly and equitably.

2. Assuming that the overriding problem of getting marital information could be overcome, successful implementation of earnings sharing would require that the legislation provide sufficient leadtime for SSA to develop an automated system to pay claims based on earnings sharing. Once the details of an earnings sharing plan were known, it would take SSA at least 5 years to develop such a system. It should be noted, however, that even if a large percentage of the workload were automated prior to implementation of earnings sharing, the number of cases remaining to be processed manually would still

constitute a significant workload. Moreover, because of the added complexity, time needed to process earnings sharing benefits would be considerably greater than the time that is needed under present law.

It is impossible to quantify the administrative impact of earnings sharing with any precision in the absence of a fully developed proposal. However, it is possible to get an idea of the magnitude of the changes that would be involved by looking at an estimate of the administrative impact on just one aspect of SSA operations--initial claims processing. Even assuming that a fully automated system were in place at the point of implementation, processing initial earnings sharing claims would increase administrative costs by at least 4 percent a year over projected present law levels and could result in staffing increases of at least 4 percent. These estimates do not take into account other massive SSA operations, such as postentitlement actions and annual wage reporting, which could add as much or more to administrative cost and staffing levels.

SUPPLEMENT
CURRENT GUIDELINES ON THE DEVELOPMENT OF MARRIAGE AND DIVORCE

Developing Ceremonial Marriages

SSA usually accepts allegations of ceremonial marriage if both parties to the marriage are alive. If it is necessary to secure documentary evidence, SSA aids the claimant in obtaining it. If that evidence is unobtainable, SSA must rely on secondary evidence. In order to use secondary evidence, SSA must secure a statement from the person who would otherwise be expected to be the custodian of the record that no record is available or from the claimant explaining why no record is available. SSA also requires a statement containing full details of the marriage ceremony, the date, the place, who performed the ceremony, who was there, etc.

Once the statement is obtained, SSA secures secondary evidence. Secondary evidence includes a signed statement from the person who performed the ceremony, statements from actual witnesses, newspaper accounts, statements from at least two persons "having knowledge" that the ceremony took place, etc. No attempt is made to establish a common-law marriage without first attempting to secure secondary proof of a ceremonial marriage. Developing secondary evidence is a time consuming, labor-intensive process.

Development of Deemed Marriage

In order to receive benefits based on a deemed marriage, the claimant must submit proof of a ceremonial marriage (e.g., a marriage certificate). In addition, the local field office must secure statements from the parties involved that the other requirements for establishing a deemed marriage are met. This may merely involve getting a statement from the claimant and the claimant's spouse, or it may involve getting signed statements from prior spouses. A reasonable effort must be made to locate prior spouses if their statements are potentially material, which may entail contacting relatives and friends in order to locate the prior spouse. Locating relatives, friends and/or the prior spouse is a time-consuming process that results in significant delays in processing the claim.

Development of Common-Law Marriage

In some States, a valid marriage may be created without a formal ceremony; these marriages are called common-law marriages. In the "ordinary" common-law marriage, the marriage is entered into by mutual consent of the parties to become husband and wife from that time on and is not solemnized by a ceremony. The parties must have the intent to marry, must consummate their mutual agreement to marry with an open and mutual assumption of marital duties and obligations, and must be legally capable of entering into a valid marriage. Any impediment that would prevent a statutory marriage also bars a common-law marriage. If the parties entered into a ceremonial marriage that was void because of a legal impediment, a valid common-law marriage may later come into being in some States if the impediment is removed and the parties continue to live together after removal of the impediment.

Development of common-law marriages centers around whether or not the parties to the marriage meet the requirements for a common-law marriage in the State where the alleged relationship began. This development, in itself, is both time consuming and labor intensive since the applicants must conclusively prove they meet the State-established criteria. If common-law marriages are not recognized in one locality, a valid common-law marriage may arise from the couple's temporary stay in a State where such marriages are recognized. Therefore, if a valid marriage cannot be established under the laws of the State where the parties have been domiciled, information about places they visited must be secured. If the parties visted a State that recognizes common-law marriages, legal precedents from the laws of the State of residence must be checked to determine if the State of residence will recognize as valid a common-law marriage based on a temporary visit in another State.

Developing Other Types of Marriages

Putative marriages, Indian tribal marriages and Chinese custom marriages are not common in most geographical locations. How they are viewed also varies from State to State. Since the issues are usually complex, cases involving these types of marriages generally are resolved by citing prior precedents or are forwarded to the regional attorney to determine if the legal requirements are met. This process results in lengthy delays in processing these types of claims.

Developing Divorce and Annulment

Since divorce and annulment laws vary so much from State to State, if a divorce is material to payment of benefits, the claimant must submit documentary evidence. SSA will aid the claimant in securing the proof, which usually entails a manual search of court records in order to locate the needed document. As indicated previously, this search is more time consuming since most States have centralized files for marriage whereas many do not maintain such files for divorce and/or annulment.

Validity of Marriage and Divorce

From time to time in the course of developing marriage and divorce, SSA must determine if certain marriages and divorces are valid. In general, SSA need not make these determinations because of the principles in State law of presumption of validity of the last marriage and estoppel.

Presumption of validity of the last marriage may apply in most States when a spouse has been married to two or more people. There is a presumption that the last of several marriages is valid unless proven otherwise. The party attacking the validity of the last marriage has the burden of establishing a valid prior marriage and of proving the invalidity of the last marriage, even though the latter involves the proving of a negative. The strength of this presumption varies from State to State, but, in general, is one of the strongest presumptions in the law. For Social Security purposes, if all of the places of residence for all of the time from the point of separation to the present cannot be accounted for and all of the evidence does not clearly establish whether the prior marriage was or was not terminated, then SSA will presume that the prior marriage was terminated during the unaccounted for time.

The principle of estoppel, which varies from State to State, states that even though a spouse's divorce would not be valid under the law of his or her domicile, the other party to the divorce may be estopped from denying its validity. If the other party to the divorce recognized the court's jurisdiction or benefited from the divorce in any way; e.g., received alimony, remarried, etc., then that party may not later question the validity of that divorce. This, however, does not establish a subsequent marriage as valid; it provides only that the estopped individual cannot claim to still be the legal spouse in the previous marriage.

Developing Validity of Marriage and Divorce

When it is necessary to determine if a divorce or marriage is valid, SSA must, of course, secure evidence of the divorce or marriage. SSA develops that proof in accordance with the guidelines explained above. In addition, information must be secured regarding each party's domicile.

Domicile is important since the laws of the State in which a person is domiciled are used to determine if a marriage or divorce is valid. When a person changes domicile, that person must have an intent to make that place his or her permanent home and must be physically present in the new home while having that intent. If both of these factors are not present, the person is not considered to have changed his or her domicile. If the domicile is not changed, then a marriage or divorce which occurs in that location may not be valid.

Validity of Marriage: Ordinarily, States recognize a marriage as valid if the marriage is valid in the State where the marriage occurred. Most States, except Uniform Marriage Evasion Act States, will recognize a marriage performed after a divorce, even if entered into during a restricted period, if the parties are domiciled in that State. The State where the divorce occurred will also usually recognize the subsequent marriage as valid as long as the State in which it occurs considers it valid. Doubtful cases must be submitted to the regional attorney for a determination.

Validity of Divorce: A divorce is considered valid if one of the parties was domiciled in the State where it was granted. Other States will also recognize the divorce as valid as long as the State which granted the divorce had jurisdiction. However, a divorce granted in a State where neither party is domiciled is not valid and will not be recognized by other States. This may include divorces where the party crosses State lines solely for the purpose of obtaining a divorce and most foreign divorces. In these cases, it must be determined whether the State of domicile considers such divorces valid.

CHAPTER VII
INCREMENTAL OPTIONS

INTRODUCTION

This chapter presents a number of incremental options intended to deal with one or more of the issues raised in Chapter I. In one form or another, all of these options have been in the public forum for consideration as a means of improving benefit protection for women. Many of the options come directly from legislation introduced in the Congress over the last 15 years; some are variations on such proposals. Others were discussed in previous reports released by this Department. The list of incremental options presented is not meant to be all-inclusive. Rather, these ideas are simply representative of the kinds of proposals that could be developed to address the issues.

These options are narrower in scope than full-scale earnings sharing. In general, they would not make basic changes in the Social Security system; only one of them would eliminate the present system of providing auxiliary benefits for spouses. One (or more) of these limited changes could be adopted either as (1) an interim step to assist women who will be eligible for retirement benefits in the near future and who therefore would not be affected by earnings sharing or (2) as an alternative to the fundamental change of earnings sharing.

The incremental options discussed in this chapter are grouped according to the types of beneficiaries that would be primarily affected. The main divisions are:

- Improve protection for widows
- Improve protection for working women
- Improve protection for divorced women
- Improve protection for homemakers

Like earnings sharing, none of the incremental options would meet all of the standards mentioned in Chapter II. A number of options would address a specific issue for a relatively small group and would involve small additional expenditures. Others would respond to more than one concern for a variety of women and consequently would result in relatively large costs. In fact, some of the incremental options would increase long-range costs by more than the generic earnings sharing plan with transition I; one option would have a greater long-range cost than the no-loser earnings sharing plan. That is not to say that any option that would deal with one or more of the concerns of women would necessarily result in a cost or a large cost. Obviously, the options presented in this chapter could be modified so as to limit their cost, or could be combined with other options that would offset their cost. Combining options would, of course, permit "packages" of options to be developed that could deal with a specific issue or group of issues in a more comprehensive manner.

The discussion of each option includes information on program and administrative considerations as well as information on the effects of the option. Data on the effects of several options--generally, those options which would affect large groups of people--were developed using the DYNASIM model for the year 2010. For most of the other options, results were derived by simulating the effects of the option on a recent sample of Social Security beneficiaries.

The effects of each option were analyzed individually relative to present law, rather than in conjunction with earnings sharing. Some of the options could work fairly well in combination with earnings sharing while others would not work well in combination with earnings sharing. The incremental options were not analyzed in conjunction with earnings sharing because their impact would depend heavily on (1) the specifics of the earnings sharing plan and transitional provisions and (2) whether the proposals were combined to form "packages."

It should be noted that for almost all of the options (1) prospective implementation is assumed, and (2) an effective date of January 1986 was used for cost estimation purposes. Whether or not any one of the options could be implemented by that date would depend on a variety of factors--including the number and complexity of the options that might be chosen for simultaneous implementation. The level of complexity of a given option would be determined largely by whether the option (1) involved both retrospective and prospective implementation, (2) required revision of current benefit computation systems, and (3) required creation of new data bases for the collection of information. An option involving all three of these elements would require more leadtime to implement than one involving just one element. Furthermore, ongoing mandatory workloads such as the automatic cost-of-living adjustment and implementation of other legislation would also affect the potential implementation date for any one (or more) of the options.

Appendix G contains detailed specifications for the options discussed in this chapter.

SECTION I
IMPROVE PROTECTION FOR WIDOWS

Over the years, aged widows have often received special consideration under Social Security because they as a group have tended to be much less financially secure than other elderly people. Virtually all of the options in this section would provide higher benefits for widow(er)s. Some would also reduce the benefit disparity between survivors of one- and two-earner couples with the same total earnings. One option is specifically aimed at dealing with the so-called "widow's gap." Other options in this section deal with the treatment of disabled widows and others with some rather technical issues that affect widows.

PRESENT LAW PROVISIONS AFFECTING WIDOW(ER)S

A surviving spouse or surviving divorced spouse can receive a benefit as a survivor if he or she has reached age 60 (age 50, if disabled) or has a child under age 16 (or disabled) who is entitled to child's benefits based on the decedent's earnings in his or her care. Benefits for aged widow(er)s range from 71.5 percent of the deceased worker's basic benefit amount, if first claimed at age 60 to 100 percent of the worker's basic benefit amount if claimed at age 65. [54] However, widow(er)'s benefits are limited to the amount the deceased worker would be getting if he (or she) were alive, but not less than 82.5 percent of the basic benefit amount for widow(er)s who start getting benefits at age 62 or later. Current law also provides for automatically adjusting monthly benefits according to increases in the Consumer Price Index so that the purchasing power of the benefits will not be eroded by increases in the cost of living.

The survivor's benefit is based on the total lifetime earnings of the decedent. Also, an insured survivor can be entitled to a worker's benefit based on his or her own earnings if he or she is disabled or has reached age 62. If concurrent entitlement to both a survivor's benefit and a worker's benefit exists, an amount equal to the higher of the two benefits is payable.

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[54] Widow(er)s age 60-65 who are disabled can qualify for Medicare on the basis of disability after 24 months on the benefit rolls, but they receive aged widow(er)'s benefits.

Benefits are payable to disabled widow(er)s only if they are age 50-59 and become disabled no later than 7 years after the worker's death or 7 years after the last month they were previously entitled to benefits on the worker's earnings. The time limit was provided on the theory that a person who becomes disabled more than 7 years after these events would have had sufficient time to work and become insured on his or her own work record. The benefit is equal to 71.5 percent 55/ of the worker's basic benefit amount.

In order for a widow(er) to be found disabled, the severity of her (or his) impairment must meet or equal the Listing of Impairments in the regulations. For a worker to be found disabled, his or her impairment must meet or equal the listing or, if it does not, the impairment must be so severe, taking into consideration the worker's age, education and work experience, that the worker is unable to engage in any substantial gainful activity (SGA) that exists in the national economy. Thus, because nonmedical factors are not considered in determining whether a widow(er) is unable to engage in SGA, the definition of disability is more strict for a widow(er) than for a worker.

A lump-sum death benefit equal to $255 is payable upon the death of an insured worker to a surviving spouse at any age if (1) the surviving spouse was living with the worker at the time of death or (2) the surviving spouse was not living with the worker but is eligible for monthly benefits based on the worker's earnings for the month of death.

OPTIONS TO REDUCE BENEFIT DISPARITY BETWEEN SURVIVORS OF ONE- AND TWO-EARNER COUPLES

OPTION: Use Deceased Spouse's Earnings to Compute a Worker's Benefit

Under this option, benefits for a surviving spouse or surviving divorced spouse would be determined based on an earnings record derived from the survivor's own earnings plus certain earnings of the deceased spouse.

55/ Prior to January 1984, benefits payable before age 60 were further reduced so that a disabled widow(er) who first became entitled to benefits at age 50 received a benefit equal to 50 percent of the worker's basic benefit amount.

Under the primary option, a surviving spouse or surviving divorced spouse (if the marriage lasted at least 3 years) would be allowed to "inherit" 100 percent of his or her deceased spouse's earnings acquired during the years of marriage. 56/ Only earnings after 1950 could be inherited and, in each year, the combination of the inherited earnings plus the survivor's own earnings could not exceed the contribution and benefit base. The survivor's own earnings plus inherited earnings would be used to compute his or her disability benefits (paid at or after age 50) and retirement benefits, but inherited earnings could not be used to establish insured status. In addition, a survivor's benefit would be computed under current law and the benefit payable could not be less than this amount.

Under the alternative option, the surviving spouse's earnings would be combined with the entire earnings record of the deceased spouse (including earnings in years outside the marriage). Just as under the inheritance option, after the earnings credits of the deceased and surviving spouses were combined (and limited, in any year, to the contribution and benefit base), the benefit for the survivor would be computed as if he or she were receiving a worker's benefit. Unlike the inheritance option, if more than one prior spouse were deceased, the survivor's owh earnings would be combined independently with the record of each spouse, in turn, and benefits would be paid on whichever combined record yielded the highest benefit. (Under the primary option, only one earnings record per survivor would be created.)

Surviving divorced spouses would also be permitted to combine earnings but only if the marriage had lasted for at least 10 years. (This is stricter than the 3-year requirement for surviving divorced spouses under the inheritance option, because, under the combined earnings option, by meeting the minimum requirement, the surviving divorced spouse would gain the entire earnings record of a deceased former spouse (or spouses).)

Both alternatives would include a guarantee of present law survivor's benefits. These benefits would be payable to the extent that they exceed the survivor's own worker's benefit based on combined earnings.

Discussion: In general, the intent of inheritance proposals is to address the equity issue of paying different benefit amounts to survivors of one- and two-earner couples who have the same total earnings.

56/ A similar proposal was introduced in the 98th Congress by Representative Mary Rose Oakar (D., OH).

For couples who have had lifelong marriages, the option would address this problem by increasing benefits for survivors of two-earner couples. The example in the table below illustrates the effects of this option on similar one- and two-earner couples in which everyone reaches age 62 in January 1985, all earnings occur during the years of marriage and, in each year, each member of the two-earner couple has exactly one-half of the credited earnings of the worker in the one-earner couple.

Benefits for Survivors of One- and Two-Earner Couples with Lifelong Marriages Under Inheritance

	Present Law		Inheritance	
	AIME	Benefit	AIME	Benefit
Couple A				
Decedent	$1,800	--	--	--
Survivor	0	$719	$1,800	$719
Couple B				
Decedent	$ 900	--	--	--
Survivor	900	$450	$1,800	$719

However, if the marriage were of shorter duration, the survivor likely would not inherit all of the deceased spouse's earnings and survivor benefits in these cases could, in the absence of a guarantee, be lower than present law. Also, in less-than-lifelong marriages, benefits would not necessarily be equalized between survivors of one- and two-earner couples. The alternative option would deal with the benefit losses that would occur in situations involving less-than-lifelong marriage by allowing the surviving spouse to be credited with all of the deceased spouse's earnings.

Because total earnings credited to the survivor's record in any year could not exceed the contribution and benefit base, it is possible that some survivors of two-earner couples would not inherit all (or perhaps any) of the deceased spouse's earnings in each year of marriage. Thus, under either option, survivors who have very high earnings on their own records may not get significantly increased benefits.

In the absence of a present law guarantee both options also would create a problem with regard to survivors between ages 60 and 62. Although widow(er)'s benefits are payable under current law at age 60, worker's benefits are not available until age 62; therefore, treating survivors as workers, as under these options, would result in a loss of benefits for 2 years.

The options analyzed for this paper would avoid any benefit cuts for surviving spouses by including a present law guarantee; i.e., each survivor would receive the higher of a benefit computed under present law survivor's benefit rules or present law as modified by the option. Such a guarantee, however, not only would increase the cost of the option, but also to some extent would counter the philosophical objective of equalizing benefits between survivors of similar one-earner and two-earner couples by providing greater protection for survivors of one-earner couples.

Effects: As shown in the tables below, DYNASIM results for the year 2010 show that 34 percent of widows age 62 or over would gain under the inheritance option and the average increase in benefits would be about 19 percent. A much higher percentage of widowers age 62 or over--about 54 percent--would gain. However, there are far fewer widowers entitled to benefits than widows and their average gain would be only 8 percent of current law benefits. The reason that a greater percentage of widowers than widows would gain is that most widowers currently receive worker's benefits that are higher than any survivor's benefit they could receive. There is a greater probability, therefore, that any earnings these widowers would inherit would increase their worker's benefits. Very few widows, on the other hand, receive worker's benefits that are higher than their present law survivor's benefits. Therefore, for many widows the benefits based on their own earnings plus inherited earnings would not exceed their present law survivor's benefits.

Effect of Inheritance and Combined Earnings Options in 2010 on Widows Age 62 and Over By Present Law Beneficiary Status [a]

			Worker Beneficiary	
	Total	Survivor Benefit Only	Survivor Dual	Worker Only
Receive Present Law	11801	2095	7091	1806
Inheritance Option				
% with no change	66%	100%	57%	63%
% with increases	34	0	43	37
Average % gain	19	0	18	25
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	6	0	7	11
Combined Earnings Option				
% with no change	61%	100%	51%	59%
% with increases	39	0	49	41
Average % gain	20	0	19	27
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	8	0	9	13

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[a] In this table and all subsequent tables, the number of beneficiaries is in thousands and percents are rounded to the nearest percent.

Effect of Inheritance and Combined Earnings Options in 2010 on Widowers Age 62 and Over By Present Law Beneficiary Status

	Total	Survivor Benefit Only	Worker Beneficiary Survivor Dual	Worker Beneficiary Worker Only
Receive Present Law	2643	52	164	2427
Inheritance Option				
% with no change	46%	100%	61%	44%
% with increases	54	0	39	56
Average % gain	8	0	17	8
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	5	0	6	4
Combined Earnings Option				
% with no change	42%	100%	59%	40%
% with increases	58	0	41	60
Average % gain	10	0	21	9
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	6	0	8	6

Under the combined earnings option, 39 percent of widows age 62 or over would gain and would realize an average increase of 20 percent. About 58 percent of widowers age 62 or over would gain, and these widowers would realize an average increase of 10 percent.

About 37 percent of widows age 62 or over who would receive just worker's benefits under current law in 2010 would gain from the inheritance option. The average increase for those who would gain would be 25 percent. Under combined earnings, 41 percent of these widows would gain, and the average increase for them would be 27 percent. Of those widows age 62 or over who would be dually entitled under present law to both a survivor's benefit and a worker's benefit, 43 percent would gain under the inheritance option and 49 percent would gain under the combined earnings option. The average increase for those dually entitled who would gain would be 18 percent under inheritance and 19 percent under combined earnings. Of course, aged widow(er)s who would be entitled under present law only to surviving spouse's benefits would receive no increase under either option.

About 46 percent of all divorced women age 62 or over who had at least one former spouse who had died would gain under the inheritance option. The average increase for these women would be about 19 percent. Under the combined earnings option, 43 percent of these women would receive an average increase of 25 percent.

Implementation: From a systems standpoint, both the inheritance and combined earnings options would require a substantial redesign of the computation process. For purposes of computing benefits for survivors, methods would have to be developed by which the earnings credits of the deceased spouse would be added to the earnings record of the survivor. Also, the records of both the surviving spouse and the deceased spouse would have to be kept intact for purposes of determining when the present law guarantee would be applicable.

Implementation of the inheritance option would involve the same problems as earnings sharing with respect to collection and verification of marital information. (See Chapter VI for a detailed discussion of these problems.)

Cost: The long-range net cost of the primary option would be 0.42 percent of taxable payroll.

The long-range net cost of the alternative option would be 0.54 percent of taxable payroll.

The short-range OASDI costs of these options are shown below, assuming the options would be phased in over a 5-year period for survivors who become eligible for worker's benefits after 1985.

	Calendar Years (cost in billions)				
	1986	1987	1988	1989	1990
Inheritance	$0.1	$0.4	$0.8	$1.5	$2.7
Combined Earnings	$0.2	$0.4	$0.9	$1.7	$3.0

Standards Met:

- o Both the inheritance and combined earnings options address the standard of equalizing benefits between one-earner and two-earner couples with the same total earnings. The combined earnings option would be more effective at meeting this standard because duration of marriage would not limit the benefit paid to the survivor.
- o Neither option would improve the adequacy of benefits for those surviving spouses who are not also entitled to a worker's benefit of their own.

OPTION: **Pay Surviving Spouse Two-Thirds of the Combined Worker's/Survivor's Benefit**

A surviving spouse or a surviving divorced spouse would receive a benefit equal to two-thirds of the sum of the widow(er)'s benefit and the survivor's own retirement or disability benefit. The "two-thirds" benefit would become payable beginning the first month the survivor becomes entitled to both a worker's retirement or disability benefit and a widow(er)'s benefit, but no earlier than age 62. 57/ This benefit would be paid only if it exceeds the present law widow(er)'s benefit. For purposes of computing both the "two-thirds" benefit and the present law widow(er)'s benefit, the present law widow(er)'s limit would be repealed since in many cases it would prevent the use of this option. The option would apply to surviving divorced spouses to be consistent with present law.

Discussion: This option would increase benefits to survivors of two-earner couples in which both get worker's benefits and would thus tend to equalize benefits between one- and two-earner couples. Under present law, the survivor of a one-earner couple (and the survivor of a two-earner couple in which a spouse's benefit is payable) may qualify for a widow(er)'s benefit equal to two-thirds of the couple's combined benefit. However, for a two-earner couple in which both members of the couple get a worker's benefit, the survivor's benefit under present law is less

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57/ For this purpose a person would be considered entitled to a widow(er)'s benefit and a worker's benefit even if the widow(er)'s benefit is not payable because the worker's benefit is higher.

than two-thirds of the couple's combined benefits, and, in cases in which both spouses receive equal benefits, the widow(er) gets one-half the couple's combined benefit. In these cases the surviving spouse does not get a widow(er)'s benefit but continues to receive her (or his) worker's benefit. (See the Issues section of Chapter I for illustrations of present law benefits for survivors.)

Effects: As shown in the tables below, DYNASIM results indicate that about 44 percent of all widows age 62 and over and about 28 percent of all widowers age 62 and over would receive higher benefits in 2010 under this option than under present law. The average increase in benefits for those who would gain would be 14 percent for widows and 13 percent for widow(er)s.

Effect of "Two-Thirds" Benefit in 2010 on Widows Age 62 and Over By Present Law Beneficiary Status

	Total	Survivor Benefit Only	Worker Beneficiary Survivor Dual	Worker Beneficiary Worker Only
Receive Present Law	11801	2095	7901	1806
% with no change	56%	72%	50%	67%
% with increases	44	28	50	33
Average % gain	14	13	14	21
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	6	4	6	8

Effect of "Two-Thirds" Benefit in 2010 on Widowers Age 62 and Over By Present Law Beneficiary Status

	Total	Survivor Benefit Only	Worker Beneficiary Survivor Dual	Worker Beneficiary Worker Only
Receive Present Law	2643	52	164	2427
% with no change	72%	69%	32%	74%
% with increases	28	31	68	26
Average % gain	13	21	19	12
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	3	5	13	3

Two features of this option would result in increases for surviving spouses. Thirty-three percent of widows and 26 percent of widowers who would be entitled to only worker's benefits under present law would receive increases. These increases would occur because these widow(er)s would be able to receive a portion of the survivor's benefits that they could not get under present law. Increases for those widow(er)s who would be entitled under present law only to a survivor's benefit are caused by the elimination of the widow(er)'s limit. (About 28 percent of these widows would receive an average increase of 13 percent over present law; about 31 percent of the few widowers who receive only survivor's benefits would receive an increase in benefits of about 21 percent.) For those widow(er)s who would be dually entitled under present law to both a worker's benefit and a surviving spouse's benefit, both the addition of some portion of the survivor's benefit and elimination of the widow(er)'s limit would produce increases. This explains why such a high percentage of these survivors (50 percent for such dually entitled widows and 68 percent for the few dually entitled widowers) would receive increases. Of all divorced women age 62 and over who had at least one deceased ex-spouse, 44 percent would receive increases, and the average increase for them would be about 15 percent.

Implementation: The provision for a "two-thirds" benefit would be effective prospectively. Only the provision to eliminate the widow(er)'s limit would affect beneficiaries on the rolls. Substantial systems modifications would, of course, be required to implement the option, but they could be accomplished given adequate leadtime. In some cases, additional marital history information, would have to be verified which is not verified currently.

Cost: The long-range net cost of the option would be 0.42 percent of taxable payroll.

The short-range cost of the option is shown below assuming the elimination of the widow(er)'s limit would be effective for benefits for months after 1985, and the "two-thirds" benefit would be effective only for surviving spouses and surviving divorced spouses who reach age 62 after 1985. (The increases would be phased in gradually over a 5-year period, reaching the two-thirds figure for persons who reach age 62 after 1989.)

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.2	$0.2	$0.3	$0.3	$0.4

Standards Met:

- This option would move in the direction of equalizing benefits for survivors of couples with the same total earnings by raising the benefit for survivors of two-earner couples.

- This option would increase benefit levels for some widows since the surviving spouse's benefit would be based on the total benefit of the couple.

- This option would provide higher benefits for some divorced women.

OPTION CONCERNING THE "WIDOW'S GAP"

OPTION: Provide an Adjustment Benefit for Certain Widow(er)s [58]

This option would provide a temporary adjustment benefit for a worker's surviving spouse age 55-59 for a period not to exceed 6 months after the worker's death. The adjustment benefit would be equal to 71.5 percent of the deceased worker's basic benefit amount and would not be subject to actuarial reduction because of age. The benefit would be payable beginning with the month of the worker's death and for the following 5 months, but only for months in which the surviving spouse is age 55-59. The benefit would not be payable for any month in which the surviving spouse was eligible for a survivor's monthly benefit. [59] In addition, the benefit would not be paid to surviving divorced spouses.

The adjustment benefit would end no later than the 6th month after the death of the worker, regardless of the number of months during that period that the beneficiary actually received the benefit. For example, suppose a worker died in March of a year and the surviving spouse attained age 55 the following June. In this example, an adjustment benefit would be payable for the months of June (the month the surviving spouse reached age 55) through August (the 6th month after the worker's death). If in this example the surviving spouse had attained age 60 in July, the adjustment benefit would be payable for March through June since the beneficiary would be eligible for widow(er)'s benefits in the following month.

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[58] A similar proposal was introduced in the 98th Congress by Representative Mary Rose Oakar (D., OH). Senator Carl Levin (D., MN) introduced a similar proposal as an amendment to the Senate version of the Social Security Amendments of 1983. This amendment did not become part of the final bill.

[59] The benefit would be subject to the maximum family benefit provisions and to the Social Security earnings test.

Discussion: Since no Social Security benefits are payable to a nondisabled spouse who is under age 60 and does not have an entitled child in care, some older women who have not worked outside the home for many years find themselves without a source of support and facing the need to find a job when their spouse dies. An adjustment benefit would be one method to give women who need it a transitional period in which to adjust to their changed circumstances.

Effects: According to the 1980 Current Population Survey, 122,000 women age 55-59 reported that they had been widowed within the past year. If this option had been in effect in 1980, SSA estimates that approximately 55,000 women would have been eligible for this adjustment benefit in that year.

Implementation: The option would not require (1) substantial changes in existing computation procedures, (2) recomputation of benefits for those already on the rolls or (3) the development of a new data base. Consequently, the option should not be difficult to implement.

Cost: The long-range net cost of the option would be 0.01 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective prospectively on the basis of benefits paid for months after December 1985. In order to phase in the provision, it would be effective for deaths occurring after July 1985. Thus, the surviving spouse would be eligible for 1 month of benefits (for the month of January 1986) if the worker died in August 1985. Two months of benefits would be payable if the worker died in September 1985, with the number increasing by 1 month each month until a total of 6 months of benefits would be payable.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.1	$0.1	$0.1	$0.1	$0.1

Standards Met:

- o This option would lessen the "widow's gap" by providing an immediate cash benefit for a short period.

OPTIONS AFFECTING DISABLED WIDOW(ER)S

OPTION: Pay 100 Percent of the Deceased Worker's Basic Benefit to Disabled Widow(er)s at Any Age 60/

Under this option, the benefit for disabled widow(er)s would be changed in two ways. First, widow(er)'s benefits based on a disability would be payable at any age before 65. Second, the benefit rate payable to disabled widow(er)s would be increased to 100 percent of the deceased worker's basic benefit amount. Four groups of people would be affected by this option:

- o Disabled widow(er)s under age 50 who could become entitled to benefits for the first time.
- o Newly eligible widow(er)s age 60 to 65 who could apply for the higher benefits as disabled widow(er)s.
- o Disabled widow(er)s currently receiving benefits who would have their benefit rates increased.
- o Some disabled people currently receiving benefits as aged widow(er)s who would have their benefit rates increased.

Discussion: The intent of the present law provision for disabled widow(er)'s benefits as it was originally enacted in 1968 was to provide monthly benefits for severely disabled widow(er)s in their fifties who were unable to support themselves by working and who were not old enough to qualify for regular widow(er)'s benefits. The benefits were limited to widow(er)s age 50-59 and were paid at a reduced rate in order to limit the cost of providing the benefits.

Disabled widow(er)s under age 50 are in essentially the same circumstances as widow(er)s age 50-59 were before the 1968 amendments. They are unable to work and support themselves and cannot qualify for disabled widow(er)'s benefits. Moreover, their needs may be as great as those of older widow(er)s. In many cases

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60/ A similar proposal was introduced in the 98th Congress by Representative Mary Rose Oakar (D., OH).

in which the worker died at an early age, the widow(er) had less opportunity to accumulate savings or provide for the future. Also, disabled widow(er)s between the ages of 60 and 65 may feel that actuarial reduction is unfairly applied to them because, unlike other aged widow(er)s who may choose between working and getting reduced Social Security benefits, they do not have such a choice since they are unable to work. Thus, they must apply for benefits that will be permanently reduced.

Effects: This option would provide higher benefits for many disabled widow(er)s. These beneficiaries, as a group, get lower benefits than do aged widow(er)s or disabled workers. In August 1984, for example, disabled widow(er)s received average benefits of $296 compared to average benefits of $400 for aged widow(er)s. Average benefits for disabled workers in August 1984 were $455. If this option were effective in 1984, the average benefit for disabled widow(er)s would be $416.

This option would also make many people newly eligible for disabled widow(er)'s benefits. SSA estimates that, if the option had been effective in 1980, the total number of disabled widow beneficiaries would have increased in that year by 22,000; about 14,000 disabled widows under age 50 and about 8,000 widows age 60-64 would be converted from aged widows to disabled widows. The number of newly eligible disabled widowers would have been almost negligible.

Implementation: Provided adequate leadtime were provided, this option would not be difficult to administer for beneficiaries who are on the rolls as disabled widow(er)s or as aged widow(er)s who have been determined to be disabled for purposes of entitlement to Medicare. However, in order to qualify under this option, people on the rolls as disabled workers would have to file a new application and would have to meet the stricter definition of disability applicable to disabled widow(er)s. For widow(er)s under age 50 and those under age 65 on the rolls getting reduced benefits as aged widow(er)s, a disability determination also would become necessary. In addition, because more disabled widow(er)s would become entitled, additional continuing disability reviews would be needed to ensure that they remain eligible for benefits.

Cost: The long-range net cost of the option would be 0.01 percent of taxable payroll.

The short-range cost of the option as shown below assumes the option would be effective with respect to benefits payable for months after December 1985 both for people already on the rolls and for newly eligible people.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.5	$0.6	$0.6	$0.7	$0.7

Standards Met:

- This option would move in the direction of increasing protection for widows by providing higher benefits for disabled widow(er)s.
- This option would provide an increase in protection for disabled homemakers whose husbands are deceased.

OPTION: **Modify Eligibility Requirements for Widow(er)'s Disability Benefits** 61/

The primary option would modify the requirements for widow(er)'s disability benefits by extending the present law 7-year period during which the survivor must become disabled in order to qualify for disabled widow(er)'s benefits. The period would be increased by 3 months for each quarter of coverage earned by the surviving spouse or surviving divorced spouse, beginning with the quarter the worker died. An alternative option would improve disability protection for widow(er)s by extending the 7-year period to 10 years.

Discussion: The primary option would provide additional benefit protection in two ways to widow(er)s who work after the death of the spouse. First, it would extend survivor's benefits to an individual who worked but did not earn enough within the 7-year time limit to become entitled to benefits on his or her own earnings record (for example, in cases in which the individual, because of little or no prior work experience, had only been able to obtain low-paid or seasonal employment, or in which the individual had a progressively worsening impairment that prevented regular employment, but that was not severe enough to meet the very strict definition of disability for widow(er)s). Also, it would permit people to retain the added protection of survivor's benefits for a longer period than under present law if they qualify for benefits on their own records but these benefits are lower than the survivor's benefits payable.

61/ A similar proposal was introduced in the 98th Congress by Representative James Oberstar (D., MN).

On the other hand, the option could be criticized because it could extend protection as a disabled widow(er) for several years (ultimately to age 60) to individuals who worked only intermittently after the death of the worker because, for example, they had other sources of income. A person would have the 7-year period extended indefinitely by working short periods and earning relatively low amounts; for example, a person would receive a 1-year extension by earning $1,560 in 1984. Thus, the proposal could be viewed as largely negating the rationale for having a time limit after the worker's death during which the widow(er) must become disabled in order to receive benefits as an auxiliary. The alternative approach would not extend disability protection for disabled widow(er)s indefinitely and would be consistent with the rationale for the limitation period.

Implementation: No serious administrative problems would be expected.

Cost: The long-range net cost of the primary option would be less than 0.005 percent of taxable payroll. The long-range net cost of the alternative would be less than 0.005 percent of taxable payroll.

The short-range costs of the primary and alternative options are shown below, assuming the options would be effective with respect to benefits based on applications filed after December 1985.

	Calendar Years (cost in billions)				
	1986	1987	1988	1989	1990
Primary	a/	a/	a/	a/	a/
Alternative	a/	a/	a/	a/	a/

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a/ Less than $50 million.

Standards Met:

- Both the primary and alternative options would increase protection for widow(er)s by providing additional time for them to qualify for survivor's benefits based on disability.

OPTION: Modify Definition of Disability for Widow(er)s 62/

This option would modify the definition of disability for widow(er)s by making it the same as the definition of disability used in determining the entitlement of workers to disability insurance benefits; i.e., nonmedical factors such as age, education and work experience would be considered in determining entitlement to benefits.

Discussion: The two primary reasons for adoption of the stricter definition of disability for widow(er)s as reflected by the legislative history were: (1) Congress thought that it would be inappropriate to apply the same definition of disability to both widow(er)s and workers since, in most cases, widows would have little, if any, prior employment to which vocational factors could be applied; and (2) Congress wanted to limit program costs.

While there are still many widows with little (or no) work experience outside the home, as more women enter the labor force, increasing numbers of widows have prior employment to which vocational factors could be applied. In fact, some of these widows who are insured for disability benefits as workers also file for benefits as disabled widows because the benefit amounts based on their deceased husbands' earnings are higher. In such cases, two definitions of disability have to be applied--one to qualify the person for disability benefits as a worker and another to qualify her as a disabled widow.

The option would provide disability protection to some additional widow(er)s who are not insured for disability benefits as workers and whose impairments do not meet or equal the listing but who are unable, based on a combination of medical and nonmedical factors, to engage in substantial gainful activity.

Effects: SSA estimates that about 6,500 disabled widow(er)s would be newly eligible for benefits in the first year and an additional 4,000 disabled widow(er)s would be eligible each year thereafter.

Implementation: There should be relatively few problems in implementing this option, because SSA has experience in adjudicating disability claims in which nonmedical factors are considered for applicants having little (or no) prior work

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62/ A similar proposal was introduced in the 98th Congress by Representative James Oberstar (D., MN).

experience. However, because more disabled widow(er)s would become entitled, the option would require additional continuing disability reviews to ensure that they remain eligible for benefits.

Cost: The long-range net cost of the option would be 0.01 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective with respect to benefits based on applications filed after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
a/	a/	a/	$0.1	$0.1

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a/ Less than $50 million.

Standards Met:

- This option would increase, to a very small degree, disability protection available to homemakers.

OPTIONS DEALING WITH TECHNICAL ISSUES

OPTION: Include a Surviving Spouse's Own Delayed Retirement Credits in the Widow(er)'s Benefit 63/

This option would permit the amount of a worker's own delayed retirement credits to be added to the benefit he or she receives as a widow(er), thus providing increased benefits for some surviving spouses and surviving divorced spouses.

63/ A similar proposal was introduced in the 98th Congress by Representative James Oberstar (D., MN).

Discussion: Under present law, a worker who delays retirement may have his or her retirement benefit increased by 3 percent for each year after age 65 and up to age 70 that the retirement benefit is not paid. Beginning with workers who reach age 62 in 1987, this increment will gradually rise from 3 percent to 8 percent for workers who reach age 62 in 2005 and after. A delayed retirement credit is payable if a worker foregoes benefits after age 65 because of work or because he or she delays filing for them. The purpose of the credit is to provide an incentive for a worker to remain in the work force after age 65 and to compensate him or her for months that no benefits were paid between ages 65 and 70.

A surviving spouse who is dually entitled to a retirement benefit based on his or her own work and a larger widow(er)'s benefit will not benefit from any delayed retirement credits that he or she has earned due to work after age 65. This is because the amount of the credit is added to the retirement benefit which in turn reduces the amount of the widow(er)'s benefit payable, with the result that the total monthly benefit the surviving spouse receives remains unchanged.

Under this option, for a person entitled to both a retirement benefit and a larger widow(er)'s benefit, the money amount of delayed retirement credits applicable to the person's retirement benefit would instead be added to that person's widow(er)'s benefit, thus increasing the total benefit payable. For example, suppose a 67-year-old person becomes entitled in 1986 to a monthly retirement benefit of $300 (before adjustment for delayed retirement) and a monthly widow(er)'s benefit of $420. The individual would be entitled to a delayed retirement credit of 6 percent of $300 or $18 since he or she did not receive retirement benefits for 2 years after reaching age 65. Therefore, the total benefit payable under this option would be $438 ($300 + $120 + $18), compared to $420 under present law ($300 + $18 + $102).

Implementation: This option would involve changes in the computation procedures, but the necessary information would already be contained in Social Security records. However, since no additional marital history information would be required, it should not pose serious implementation problems given adequate leadtime.

Cost: The long-range net cost of the option would be 0.02 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective for monthly benefits after December 1985 based on deaths occurring after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
a/	a/	a/	a/	a/

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a/ Less than $50 million.

Standards Met:

- This option, to a limited extent, would increase protection for widow(er)s.

OPTION: **Increase Benefits for the Very Aged**

This option would provide a 10-percent benefit increase for all beneficiaries beginning at age 85. For beneficiaries receiving benefits as workers, spouses or widow(er)s, the basic benefit amount on which the monthly benefit is based would be increased by 10 percent beginning with the month in which the beneficiary reaches age 85.

Discussion: Those age 85 and over are among the poorest Social Security beneficiaries. For example, in 1982, 22 percent of families with a beneficiary age 85 and over had income below the poverty level compared to 17 percent of families with a beneficiary age 65 and over. Monthly benefit amounts for persons age 85 and over averaged $354 compared to $399 for those age 65 and over. This situation is the result of a combination of factors.

First, monthly benefits payable to beneficiaries age 85 and older do not reflect the standard of living enjoyed by younger beneficiaries or by the community at large, but are based on the standard of living prevailing at the time the beneficiary first began to receive benefits. The benefit increases received over the years take account of increases in the cost of living due to inflation, but do not reflect the increases in the general standard of living achieved by workers through real wage growth over the 20 years or more the beneficiary has been getting benefits. 64/

Second, some of the beneficiary's other sources of income (such as income from assets or private pensions not adjusted for increases in the cost of living) will have eroded in value over the years because of inflation. Also, in many instances, asset income could be reduced because the beneficiary had been forced to use up a part of his or her assets to meet the unexpected emergency situations that are bound to occur over a 20-year period. Moreover, because of the increasing frailties of old age, the need of an older beneficiary for additional income to cover medical and long-term care expenses is likely to have increased. Finally, it should be noted that the problems of the very old are, by and large, the problems of very old women since 70 percent of beneficiaries age 85 and older are women.

The benefit increase provided under this option would vary depending on the amount of the benefit that the person was receiving. Since the benefit increase would equal 10 percent of the amount the person was currently receiving, the highest dollar increases would go to people who have the highest benefits before the increase and the lowest increases would go to those who have the lowest benefits before the increase. If one wished to provide more equal increases and to provide relatively more help to beneficiaries with the lowest benefits, one alternative that might be considered would be to provide a flat increase, say $50 a month, for every beneficiary when they reach age 85.

Effects: This option would benefit many more women than men. Of the 2.3 million beneficiaries age 85 and over in 1982, 1.6 million were women and, of that number, about .7 million were getting widow's benefits. However, on the average, male beneficiaries would get a larger benefit increase in absolute terms than female beneficiaries. For example, raising benefits by 10 percent in 1982 for the very elderly would have increased benefit levels for this group overall by an average of $35. Male retired workers would have received a $41 average increase; female retired workers would have received $34. Wife's and widow's benefits would have

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64/ Wage growth that occurs during a worker's lifetime is reflected in the computation of the worker's initial benefit through: (1) the wage indexing of the worker's earnings, and (2) the automatic adjustment of the benefit formula based on wage increases in the economy.

been increased by $21 and $36, respectively. The poverty rate in 1982 for families with a beneficiary age 85 and over would have been reduced from 22 percent to 18 percent.

Implementation: This option would involve fairly significant systems changes because ongoing programs affecting current beneficiaries would have to be altered. However, information concerning a beneficiary's age is maintained on SSA's beneficiary records so no problems would result from the development of an additional data base. Thus, with adequate leadtime, this option could be implemented without serious difficulty.

Cost: The long-range net cost of this option would be 0.15 percent of taxable payroll.

The short-range cost of this option is shown below, assuming the option would be effective prospectively for benefits paid for months after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$1.2	$1.5	$1.6	$1.8	$1.9

Standards Met:

- This option would address the standards of providing increased protection for widows and divorced women.

SECTION II
IMPROVE PROTECTION FOR WORKING WOMEN

The options in this section are generally designed to improve protection for women workers by making changes that would take account of the fact that many women alternate between homemaking activities and paid employment over their lifetimes. The first two options in this section would provide additional benefits to working wives by allowing them to combine the protection they have as spouses with the protection they earn as workers. The next three options would allow people who have years of low or no earnings due to childcare responsibilities to receive credit for these years in the computation of their Social Security benefits. The last option in this section would modify the insured status requirements for disabled worker's benefits in recognition of the lifetime work patterns of women.

PRESENT LAW PROVISIONS AFFECTING WORKING WOMEN

A married person can qualify for a worker's benefit on the basis of his or her own earnings and for a spouse's or surviving spouse's benefit on the basis of his or her spouse's earnings. The amount of the spouse's benefit is equal to up to 50 percent of the worker's basic benefit amount. A surviving spouse may receive an amount equal to up to 100 percent of the deceased worker's basic benefit amount. Under the dual entitlement provision, the spouse's or surviving spouse's benefit is offset dollar for dollar by the worker's benefit.

In order to receive retirement benefits, a worker must be fully insured; i.e., have one quarter of covered work for each calendar year after 1950 (or age 21, if later) and up to the year he or she reaches age 62 or becomes disabled. In order to get disability benefits a worker must also have 5 years of covered work during the 10-year period immediately preceding the onset of disability (20 quarters of coverage out of the last 40 calendar quarters). However, if a worker is disabled before age 31, he or she is insured for disability benefits if half the quarters in the period beginning with the quarter after the quarter in which the worker is age 21 and ending with the quarter in which the worker became disabled are quarters of coverage.

Social Security benefits are computed by averaging a worker's earnings over his or her working lifetime. In retirement and survivor cases, 5 years of low or no earnings can be excluded from the averaging period for benefit computation purposes. In disability cases, the number of dropout years varies between 0 and 5 depending on the age of the worker when he or she becomes disabled. Additional childcare dropout years can be provided in disability cases (up to a combined total of three regular and childcare dropout years) for years in which the worker had no earnings and had his or her child or a spouse's child under age 3 living with him or her. The childcare years are excluded from the computation if there are any such years after first excluding the regular dropout years.

OPTIONS TO REDUCE BENEFIT DISPARITY BETWEEN ONE- AND TWO-EARNER COUPLES

OPTION: **Modify Dual Entitlement Provisions**

The option would modify the dual entitlement provision so that the spouse's or surviving spouse's benefit would be offset at the rate of $1 for each $2 of the worker's benefit (rather than $1 for $1, as under present law). Thus, a spouse or surviving spouse would receive a full worker's benefit plus a larger benefit as a spouse than would be payable under present law. Also, some people who do not qualify for spouse's or surviving spouse's benefits under present law because their workers' benefits are greater would be able to receive auxiliary benefits under this option.

Discussion: The option would address the complaint that women often receive little or no additional retirement income based on their own work, because, as a result of the dual entitlement provision, they receive an amount equal to the higher of the worker's benefit or spouse's benefit. Under the option, this perceived inequity would be reduced since the spouse's or surviving spouse's benefit would, in most cases, supplement, rather than replace, the worker's benefit.

Furthermore, in many cases, the option would reduce the benefit disparity between one- and two-earner couples with the same total earnings. However, the benefit disparity between one- and two-earner couples in which both members have equal earnings--the earnings division that results in the greatest benefit differential under present law--would not be affected by the option. The following table shows that, while most retired couple's benefits would increase, the amount of the increase would vary depending on the distribution of earnings between the members of the couple.

Benefits Payable to Retired Couples with Total Average Indexed Monthly Earnings of $1,500 [a]

% Earned by Lower Earner	Total Benefits for Couple: Present Law	Total Benefits for Couple: Option	Additional Benefits for Lower Earner	Total Benefits as Percent of Benefits for a One-Earner Couple: Present Law	Total Benefits as Percent of Benefits for a One-Earner Couple: Option
0%	$963	$963	$ 0	100	100
10	891	958	67	93	99
20	818	948	130 [b]	85	98
30	804	900	96	83	93
40	804	852	48	83	88
50	804	804	0	83	83

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[a] Benefits shown are before reduction for age and are derived from the 1985 benefit formula. An AIME of about $1,500 would be computed for a person with career earnings about one-sixth higher than the earnings of an average earner.

[b] The largest amount of additional benefits payable under the option would be paid in cases in which the worker's benefit for the lower earner exactly equalled the benefit payable to him/her as a spouse. For couples with a total AIME of $1,500, this situation would occur in cases in which approximately 23 percent of the couple's earnings were earned by the lower-earner.

As shown in the above table, the spouse's benefit would not be completely offset until the average earnings for each member of a couple (and thus, their worker's benefits) are equal. Only one member of a couple--the lower earner--could benefit from the option. In most cases, women workers, who generally earn less than their husbands, would receive higher benefits under the option. This approach would be particularly beneficial for some divorced or separated women, because they could add the protection they received as spouses to their protection as workers.

Although only the lower earner in retired couples would benefit under the option, some survivors who are the higher earners could also get increased benefits. For example, a widower whose surviving spouse's benefit of $350 would be totally offset under present law by a worker's benefit of $500, would instead receive the worker's benefit of $500 plus part of the surviving spouse's benefit--$100. (The reason for the difference in effect is due to the fact that under present law survivor's benefits are based on 100 percent of the deceased worker's benefit while spouse's benefits are based on only half of the worker's benefit.)

In addition, in most cases the option would narrow the difference in benefits for survivors of one- and two-earner couples with the same total earnings, but would not eliminate it. The option would provide the greatest additional benefits for survivors of couples in which the earnings are evenly divided between the spouses.

Benefits Payable to Survivors of Couples with Total Average Indexed Monthly Earnings of $1,500 [a]

Earned by Survivor	Total Benefits		Additional Benefits	Total Benefits as % of Benefits for Survivor of a One-Earner Couple	
	Present Law	Option		Present Law	Option
0%	$642	$642	$ 0	100%	100%
10	594	661	67	93	103
20	546	675	129	85	105
30	498	651	153	78	101
40	450	627	177	70	98
50	402	603	201	63	94
60	450	579	129	70	90
70	498	555	57	78	86
80	546	546	0	85	85
90	594	594	0	93	93
100	642	642	0	100	100

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[a] Benefits shown are before reduction for age and are derived from the 1985 benefit formula.

The above table illustrates how this option would work for a couple with average lifetime earnings of $1,500 a month. (The numbers would vary for couples with different amounts of average lifetime earnings, but the general effects would be the same.) In the example in the table, the highest benefits would not be paid to survivors of one-earner couples (as under present law); the highest total benefits would be paid when the survivor earned slightly less than a quarter of the couple's total earnings. Survivors of one-earner couples and survivors who had the major portion of the couple's earnings would not receive any increase in benefits under the option in this example.

Effects: At the end of 1980, there were about 2.7 million dually entitled beneficiaries who could have received higher benefits under this proposal. Almost all (98 percent) of these beneficiaries were women. The average increase for these people (assuming the provision had been fully effective in 1980) would have been about $97 a month. The average increase would have been highest for widowers ($130) and widows ($109) and lowest for wives of disabled workers ($73) and wives of retired workers ($76). In addition, based on data extracted from the 1982 Current Population Survey, it is estimated that approximately 2.5 million married people who currently receive only worker's benefits could become eligible for some spouse's benefits if this provision were fully effective.

Implementation: This option would involve significant and complicated changes in the computation procedures. Consequently, substantial leadtime would be essential for the successful implementation of this option.

In addition, since many more people could receive spouse's and surviving spouse's benefits than under current law, the number of claims for these benefits would increase. This increase in claims would result in a corresponding increase in development of marriages and divorces, which, in turn, would result in an increase in processing time.

Cost: The long-range net cost of this option would be 1.29 percent of taxable payroll.

The short-range OASDI cost of the option is shown below, assuming the proposal would be effective for individuals attaining age 62 after 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
0.4	$1.2	$2.0	$3.2	$4.5

Standards Met:

o This option would move in the direction of equalizing benefits for one- and two-earner couples and the survivors of such couples by increasing benefits for two-earner couples.

- Social Security protection would be increased for some divorced women and widows who had worked long enough to qualify for a worker's benefit.

OPTION: Provide a Working Spouse's Benefit

Under this option, a working spouse's benefit would be payable to both members of a two-earner couple, and, for each member, would be equal to 25 percent of the lower of the worker's or spouse's benefits payable to him or her. If a working spouse's benefit were paid, the total benefit payable to any beneficiary--including a worker's benefit, spouse's or surviving spouse's benefit and working spouse's benefit--could be no more than the basic benefit amount of a career maximum earner who is the same age and is getting the same kind of worker's benefit as the beneficiary.

The working spouse's benefit would be payable to a person eligible for both a worker's retirement or disability benefit and a spouse's or surviving spouse's benefit (including a divorced spouse's or surviving divorced spouse's benefit). This includes not only people dually entitled to a worker's and a spouse's benefit but also people who, because the spouse's or surviving spouse's benefit is less than the worker's benefit, would be entitled to only a worker's benefit under present law.

Discussion: This option would provide increased benefits for two-earner couples, thus reducing (but not eliminating) the difference between the benefits of one- and two-earner couples with the same earnings. It would also provide increased benefits for certain widows and divorced women.

At any given level of earnings:

- The additional benefit payable to a couple under the option would increase as the percentage of the couple's earnings earned by the lower earner increases from zero percent of the couple's earnings up to the point where no spouse's benefit would be payable under present law.
- All two-earner couples in which each spouse would receive only a worker's benefit under present law would get the same amount of increase under the proposal.
- For lower earners, who are most likely to be women, the amount of the additional working spouse's benefit would increase as the lower earner's earnings increase from zero percent of the couple's earnings to the point at which no spouse's benefit would be payable under present law.

- o As the lower earner's earnings increase beyond this point, the additional working spouse's benefit would begin to decrease. This could be seen as providing somewhat less protection to those women who have worked the most in outside employment.

The following table illustrates these effects for couples with total average earnings of $1,500.

Benefits Payable to Retired Couples with Total Average Indexed Monthly Earnings of $1,500 a/

	Total Benefits for Couple		Additional Benefits for		Total Benefits as % of Benefits for One-Earner Couple	
% Earned by Lower Earner	Present Law	Option	Higher Earner	Lower Earner	Present Law	Option
0%	$963	$963	$ 0	$ 0	100%	100%
10	891	940	16	33	93	98
20	818	914	32	64	85	95
30	804	904	38	62	83	94
40	804	904	44	56	83	94
50	804	904	50	50	83	94

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a/ Benefits shown are before reduction for age and are derived from the 1985 benefit formula.

The option would be expensive. There are, however, variations of the option that would be less expensive and would address some of the concerns. Variations include paying a working spouse's benefit to only the spouse with lower lifetime earnings at the time benefits are awarded, reducing the amount of the regular spouse's benefit to, say, 40 percent of the worker's basic benefit amount (which would also reduce the benefit payable to one-earner couples and to the divorced spouse of a one-earner couple) or both.

Effects: DYNASIM results for 2010 show that this option would benefit workers of both sexes. Fifty-five percent of men and 61 percent of women age 62 and over would get higher benefits under the option than under present law; benefit increases for those who would get them would average 8 percent for men and 15 percent for women.

As the table below shows, the option would have a substantial impact on the benefits of two-earner couples. Ninety-four percent of couples in which the wife would be entitled to just a worker's benefit and 97 percent of couples in which the wife would be dually entitled would get increased benefits amounting to 12 percent and 9 percent, respectively. The benefits of one-earner couples would remain unchanged.

Effect of Working Spouse's Benefit on Aged Couples in 2010
By Wife's Entitlement Status

	Total	Wife Spouse Benefits Only	Worker Beneficiary	
			Wife Worker Dual	Wife Worker Only
Receive Present Law	8862	1129	3452	4281
% with no change	16	99	3	6
% with increases	84	1	97	94
Average % gain	11	9	9	12
% with decreases	0	0	0	0
Average % loss	0	0	0	0
Total average difference	9	0	9	12

The working spouse's benefit would also have a substantial impact on benefits for women who had been previously married. Fifty-nine percent of divorced women and 59 percent of widows age 62 and over would get higher benefits than under present law. The benefit increase for divorced women eligible for the working spouse's benefit would average 16 percent. For affected widows, the average increase would be 12 percent.

Implementation: This option would involve significant and complicated changes in the systems computation procedures. Therefore, it could be quite difficult to implement without significant leadtime. Development of proof of marriage and divorce would be needed under the option in some cases in which it is not needed under present law. (For example, cases in which the entitlement of a divorced woman to a spouse's benefit is not possible under present law because the woman's own worker's benefit exceeds her potential spouse's or surviving spouse's benefit would require additional development under the option.)

Cost: The long-range net cost of the option would be 0.93 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option is effective for monthly benefits payable after 1985 for persons reaching age 62 after 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.1	$0.3	$0.7	$1.5	$2.5

Standards Met:

- The working spouse's benefit would move in the direction of equalizing benefits for one- and two-earner couples with the same total earnings.
- Similarly, the option would move in the direction of equalizing benefits for survivors of one- and two-earner couples.
- This option would also increase protection for some widows and divorced women who had worked enough in covered employment to qualify for a worker's benefit.

OPTIONS ALLOWING CREDIT FOR CHILDCARE

OPTION: Provide Childcare Dropout Years 65/

This option would provide increased benefits for workers who leave the work force for a year or more to care for a child by excluding from the computation of Social Security benefits up to 10 years in which the worker: (1) had a child of the worker (or his or her spouse) under age 7 living with him or her, 66/ and (2) had no covered or noncovered earnings. 67/

65/ A more limited version of this option was included in the Senate version of the bill that became the Social Security Amendments of 1983; however, this provision was deleted in conference.

66/ The child must be the child of the worker or of the worker's spouse. The "living with" test would be the same as that used in present law for determining childcare dropout years for disability benefits.

67/ Varying the age limit would have very little effect on the cost of the option or on who could qualify for a childcare year because the requirement that an individual must have no earnings in a childcare year is the primary determinant of the applicability of the option.

Under the primary option, as under present law in disability cases, childcare dropout years would be excluded from the computation after regular dropout years had been excluded. Thus, no special credit would be given for any childcare years that had already been excluded as regular dropout years.

In contrast, under an alternative option, the childcare dropout years would be excluded first so that regular dropout years plus the full number of years that qualify as childcare dropout years could always be excluded. Thus, the total number of dropout years could be greater than under the primary option.

Under either option, as under present law, dropout years could not reduce the number of years of earnings used in the benefit computation to less than two.

Discussion: The present method of computing worker's benefits often results in low benefits for women because women typically spend time out of the paid labor force in homemaking and childcare activities. Both options are intended to mitigate this situation by allowing years spent in childcare to be dropped from the averaging period. Dropping these years would result in higher average earnings and, thus, higher benefits. However, people who are dually entitled to worker's benefits and spouse's or surviving spouse's benefits would get higher benefits only if their worker's benefit was increased to an amount greater than their auxiliary benefit (i.e., so that they would not be dually entitled under the option) or their auxiliary benefit is increased because childcare dropout years increase the worker's benefit of their spouse. Otherwise, a dually entitled person would not get increased benefits because an increase in the worker's benefit would be offset by a decrease in the auxiliary benefit.

In theory, childcare dropout years should be provided only for a person who has no earnings because he or she is caring for a child. Because there is no practical way of knowing whether a person had actually been involved in day-to-day childcare activities in a year that could be 40 or more years in the past, the option would provide a childcare dropout year if the individual had no earnings and had a child living in his or her household. The underlying assumption is that, if these two requirements are met, the person was probably caring for the child. Because any earnings in a year would disqualify the year as a childcare year, women who reduce their work hours and/or who remain out of the work force for less than a full calendar year to care for a child would not get any benefit from these options.

In some instances (e.g., in the case of student couples), if both spouses meet the requirements, each would be able to claim a childcare dropout year for the same child in the same year. A more stringent requirement regarding living arrangements would be necessary to avoid this possibility. Such a requirement would be expensive to administer and would require an intrusive individual investigation in every case.

Effects: DYNASIM results for 2010 indicate that about 9 percent of all men and 23 percent of all women age 62 and over would get higher benefits under the primary option than under present law. 68/ The average benefit increase for those who would get increases would be 9 percent for men and 10 percent for women.

About 24 percent of divorced women and 12 percent of widows age 62 and over would get higher benefits under the primary option; the average increase for those women who would get increased benefits would be 10 percent for divorced women and 11 percent for widows.

Under the alternative option, 19 percent of all men and 37 percent of all women would get benefit increases averaging 7 percent and 9 percent, respectively.

In addition, 41 percent of divorced women and 21 percent of widows would get benefit increases averaging 10 percent and 9 percent, respectively.

68/ DYNASIM results do not include information on noncovered earnings for years before 1973. Figures are based on the assumption that, for pre-1973 years with no posted earnings, the worker had neither covered nor noncovered earnings.

The table below shows the effect of the primary and alternative options on aged married women beneficiaries by entitlement status in 2010.

Effect of Childcare Dropout Year Option in 2010 on Married Women Age 62 and Over By Present Law Beneficiary Status

				Worker Beneficiary		
	Total	Spouse Benefit Only	Survivor Benefit Only	Spouse Dual	Survivor Dual	Worker Only
Receive Present Law	10555	961	44	3136	465	5951
			Primary Option			
% with no change	61	86	91	58	95	56
% with increases	36	14	9	30	5	44
average % gain	10	11	1	6	10	10
% with decreases	3 a/	0	0	11 a/	0	0
average % loss	-2	0	0	-2	0	0
Total average difference	3	1	0	2	1	4
			Alternative Option			
% with no change	41	75	82	49	84	27
% with increases	57	25	18	42	16	73
average % gain	9	9	6	7	7	10
% with decreases	3 a/	0	0	8 a/	0	0
average % loss	-3	0	0	-3	0	0
Total average difference	5	2	1	3	1	7

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a/ For people dually entitled to worker's benefits and spouse's benefits, an increase in the worker's benefit (as would occur under the option) could result in a slight decrease in the person's total benefits in cases in which the rate of actuarial reduction applied to the worker's benefit exceeds the rate of reduction applied to the spouse's benefit.

Implementation: Since the options would be effective just for newly eligible workers, no recomputation of benefits for current beneficiaries would be required. The options would, however, require systems changes to allow childcare dropout years to be disregarded in computing benefits. Increased interviewing and case development time would be needed to obtain the required information and evidence about employment and childcare activities.

Additionally, the requirement that the individual must have had no covered or noncovered earnings would be difficult to establish. SSA has no record of earnings not covered by Social Security for years before 1978. Consequently, for many years in the future SSA would have to rely on a worker's allegation about noncovered employment in a childcare dropout year.

Costs: The long-range net cost of the primary option would be 0.07 percent of taxable payroll.

The long-range net cost of the alternative option would be 0.16 percent of taxable payroll.

The short-range costs of the primary and alternative options are shown below. The cost estimates assume that both options would be effective for monthly benefits paid after December 1985 based on the attainment of age 62, or onset of disability or death occurring after December 1985. The options would be gradually phased in; 2 childcare dropout years would be available in 1986, and 2 additional childcare dropout years would be available for each year thereafter, until finally those reaching age 62 or becoming disabled or dying in 1990 and after could get credit for a maximum of 10 childcare dropout years.

	Calendar Years (cost in billions)				
	1986	1987	1988	1989	1990
Primary	$0.1	$0.4	$0.8	$1.3	$2.0
Alternative	$0.3	$0.9	$1.9	$3.1	$4.5

Standards Met:

- o These options would increase protection for women by taking account of time out of the labor force for childcare responsibilities.
- o These options would have a slight effect in increasing protection for a small number of widows.

OPTION: Provide Childcare Increment Years

This option would directly increase a worker's benefit by the amount of a childcare increment. The amount of the childcare increment would be equal to 2 percent of the worker's monthly benefit (after adjustment for actuarial reduction or delayed retirement credits) for each qualifying year. A worker would qualify for a childcare year if (1) a child of the worker (or of his or her spouse) under the age of 7 lived with the worker substantially throughout the year and (2) the worker had no covered or noncovered earnings during the year.

The amount of the childcare increment would be limited; no more than 10 childcare years could be used in determining the increment. Also, a worker's total retirement or disability benefit, including the childcare increment, would be limited to an amount equal to the monthly benefit of a career maximum earner who is the same age and is receiving the same category of benefit as the worker.

Discussion: This option would be similar to the previous option to provide for childcare dropout years, in that it would also provide higher benefits for workers who left the work force for one or more years to care for a child. While the prior option would increase benefits indirectly by eliminating certain childcare years from the computation of the benefit amount, this option would increase benefits directly by adding a childcare increment to the monthly benefit.

The option would help some of the same women who would be helped by the childcare dropout year option, but it would affect them somewhat differently. The childcare dropout year option would increase a worker's basic benefit amount and thus increase the benefits of any auxiliary or survivor beneficiaries whose benefits are determined by the worker's benefit. This option would increase just the worker's monthly benefit and would not affect the benefits of any auxiliaries or survivors.

As under the childcare dropout year option, people who are dually entitled to worker's benefits and spouse's or surviving spouse's benefits would be helped by the option only if the option increased their worker's benefit to an amount greater than their auxiliary benefit. Also, as under the previous option, this option would not benefit women who, due to childcare responsibilities, reduce their work hours or leave the labor force for less than a full calendar year.

Effects: DYNASIM results for 2010 indicate that about 21 percent of all men and 30 percent of all women age 62 and over would get higher benefits under the option than under present law. The average benefit increase for those who would get increases would be 7 percent for men and 11 percent for women.

About 39 percent of divorced women and 8 percent of widows age 62 and over would get higher benefits under the proposal; the average increase for those women who would get increased benefits would be 11 percent for divorced women and 11 percent for widows.

As shown in the table below, 52 percent of all married women age 62 and over would benefit from the option. The average benefit increase for those who would receive higher benefits would be 11 percent. The extent to which the option would help married women would, of course, vary based on their present law beneficiary status. The option would be more likely to increase benefits for married women who receive only a worker's benefit under present law and would not increase benefits for any women who would receive only spouse's or survivor's benefits under present law.

Effect of Providing Childcare Increment Years in 2010
on Married Women Beneficiaries Age 62 and Over
By Present Law Beneficiary Status

	Total	Spouse Benefits Only	Survivor Benefits Only	Worker Beneficiary		
				Spouse Dual	Survivor Dual	Worker Only
Receive Present Law	10555	961	44	3136	465	5951
% with no change	44	100	100	55	97	25
% with increases	52	0	0	32	3	75
Average % gain	11	0	0	7	12	11
% with decreases	4 a/	0	0	14 a/	0	0
Average % loss	-2	0	0	-2	0	0
Total average difference	5	0	0	2	0	8

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a/ For people dually entitled to worker's benefits and spouse's benefits, an increase in the worker's benefit (as would occur under the option) could result in a slight decrease in the person's total benefits in cases in which the rate of actuarial reduction applied to the worker's benefit exceeds the rate of reduction applied to the spouse's benefit.

Implementation: Implementation of this option would involve changes in the computation procedures. In addition, as with the previous options, it would be necessary to rely on a worker's allegation concerning noncovered earnings in determining childcare years. The option would also require additional interviewing and case development time.

Cost: The long-range net cost of the option would be 0.17 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective for monthly benefits payable after December 1985 based on attainment of age 62 or onset of disability after December 1985. Like the childcare dropout year option, this option would be phased in gradually. Those eligible in 1986 could receive up to 2 childcare increment years, those eligible in 1987 could receive up to 4 childcare increment years, and so on, until finally, those eligible in 1990 and after could receive up to 10 childcare increment years.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.3	$1.0	$2.0	$3.3	$4.8

Standards Met:

- This option would increase benefits for many married and divorced women by taking account of time spent out of the paid labor force for childcare responsibilities. The option would also increase benefits for some widowed women--primarily those whose worker's benefits under present law exceed any surviving spouse's benefits.

OPTION: Provide Childcare Credits in Calculating the Special Minimum Benefit [69]

There is a special minimum benefit provision under present law to provide benefits for long-service, low-wage workers; this special minimum benefit is paid only if it exceeds the worker's benefit the person would receive under the regular computation procedures. The amount of the special minimum benefit is based on a benefit table in the law; for monthly benefits payable after December 1984, the special minimum benefit is approximately equal to $18.47 multiplied by the number of a person's years of coverage under Social Security in excess of 10 years and up to a maximum of 30 years. 70/

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[69] Representative Mary Rose Oakar (D., OH) introduced a similar proposal in the 98th Congress.

For purposes of qualifying for the special minimum benefit, a year of coverage is, in general, a year in which the worker's earnings are at least equal to 25 percent of the Social Security contribution and benefit base. 71/ The special minimum benefit is kept up to date with prices (through automatic cost-of-living adjustments) for new beneficiaries as well as for people already on the rolls.

It is projected that this benefit will eventually phase out because initial benefits under the regular formula increase over time at the same rate as wages in the economy increase while the special minimum benefit increases at the same rate as price levels increase. Since wages are projected to rise faster than prices over time, the benefit under the regular formula will eventually become greater than the benefit computed on the same earnings record under the special minimum benefit provision.

The primary option would change the special minimum provision by: (1) increasing the number of years of coverage countable toward a special minimum benefit from 30 to 35 years, and (2) allowing up to 10 years of childcare to count toward the years of coverage. A childcare year would be defined as a year in which the worker had a child under age 7 living with him or her and had total covered and noncovered earnings less than the amount needed for a year of

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70/ In 1985, the monthly benefit (before reduction for age) ranges from $18.70 for a worker with 11 years of coverage to $369.50 for a worker with 30 or more years of coverage.

71/ From 1951 through 1977, a year counts as a year of coverage countable toward a special minimum benefit if the worker earned at least one-fourth of the contribution and benefit base. For 1978 and later, the worker needs to have earned one-fourth of what the contribution and benefit base would have been without the *ad hoc* increases legislated in 1977. For 1937-1950, each $900 in aggregate earnings counts as a year of coverage, subject to a limit of 14 total years for the 14-year period. For 1985, earnings of $7,425 are required for a year of coverage.

coverage. (The present law definition of a year of coverage would be used.) As under present law, the special minimum benefit would be automatically adjusted to prices and would phase out over time.

An alternative option would be the same as the primary option except that a phaseout would be prevented by providing that the benefit would be adjusted to wage increases up to the year of benefit eligibility or death; the benefit would be adjusted to price increases thereafter. This is essentially the way basic Social Security benefits are maintained at a constant level in relation to changes in the economy. Such a modification would assure that the protection afforded by the childcare credit special minimum would not diminish over time. (This wage adjustment feature is included in the special minimum childcare credit provision in the modified earnings sharing plan, discussed in Chapter IV.)

Discussion: The primary option, which was first recommended by the 1980 National Commission on Social Security, would phase out over the next 15 to 30 years just as the special minimum benefit in present law would, because benefits computed under the regular benefit formula for new beneficiaries would eventually exceed the comparable special minimum benefit. The phaseout could be rationalized on the basis that the option would be targeted mainly at those women who are now nearing retirement age. As labor force participation of women increases in the future, arguably there would be less need for either the special minimum benefit or the childcare credit option.

The alternative option would not phase out because the special minimum benefit would be adjusted to wage increases to keep up with changes in the economy. Not allowing the special minimum to phase out would increase the cost of the proposal but could be supported on the basis that, even in the future, when projections indicate that most women will work for long periods, they would still reduce their earnings or leave the labor force to care for children and arguably they would continue to deserve special treatment under the law.

By allowing credit for childcare years in the computation of the special minimum benefit, both the primary and alternative options would provide increased benefits for women who have substantial work histories at low wages but who left the work force or reduced their earnings for some period to care for a child. These options are intended to benefit specifically women who have had many years of low earnings and have had to reduce those earnings to care for a young child. (The options previously discussed--the childcare dropout year option and childcare increment option--would benefit women who have had years of no earnings while engaged in childcare activities and have any level of earnings before or after the childcare years.)

Both the primary and alternative options would help women who cared for children and who earned less than the amount needed for a year of coverage. Women who earned more than that amount would not be disadvantaged because they could still qualify for special minimum benefits. (Under the previously discussed options, a woman with any earnings in a childcare year could be disadvantaged compared to a woman with no earnings in a childcare year.)

While many women who have earnings less than the amount needed for a year of coverage in childcare years would benefit under the options, there is a large group of women who have earnings this low in nonchildcare years as well as in childcare years. They would get no credit toward the special minimum for those nonchildcare years under either option and, thus, the years of credit for the childcare years would not help them. To illustrate, from 1951 through 1973, about 40 percent of women who worked for pay earned less than the amount needed for a year of coverage under the present law special minimum provision. Since the relatively large increase in the contribution and benefit base that occurred in 1974, this percentage has been somewhat greater. In 1977, for example, about one-half of working women did not qualify for a year of coverage.

In order to allow more people to get credit toward the special minimum for nonchildcare years, it would be necessary to lower the amount of earnings needed for a year of coverage. Of course, such a modification would increase the cost of the options. Also, such a modification would not only advantage women but would extend the advantages of the special minimum to many marginal workers.

The effect of lowering the amount of earnings needed for a year of coverage can be illustrated by comparing the DYNASIM projections on never married men in 2030 with respect to the effects of the alternative option (which retains the present law earnings requirement for a year of coverage) with the special minimum proposal under the modified generic plan (which cuts the earnings requirement by half). Under the alternative option, 1 percent of never married men would get increased benefits in 2030. Under the modified earnings sharing plan (which would affect never married men only because of the special minimum proposal), 10 percent of never married men would get benefit increases. The difference between these two figures results from the reduction in the earnings requirements under the modified earnings sharing plan. 72/

Effects (assuming no modification in earnings required for years of coverage): For eligible workers who have 35 years of coverage (without including any childcare years), these options would raise the special minimum benefit by 25 percent, because 5 additional years of coverage could be counted.

Allowing up to 10 years of childcare to be counted toward the special minimum, in conjunction with the expansion in the number of countable years, would result in a considerable increase in benefits for workers who qualify for the childcare years. For example, the special minimum benefit for a worker with 25 years of coverage plus 10 years of childcare would rise from $277 under present law to $462 under both the primary and alternative options--a 67-percent increase.

DYNASIM results show that, because of the automatic phaseout discussed previously, the primary option would have only a minimal effect by 2010. In 2010, less than one-half of 1 percent of all men and women would benefit. However, under the alternative option, the number of men who would get increased benefits would rise slightly to 1 percent and the number of women would rise substantially to 6 percent. The proportions of beneficiaries who would benefit from the primary and alternative options are shown in the following table.

72/ This reduction in the amount required for a year of coverage was made to take account of the fact that married workers would share earnings and, thus, some people who would qualify for a year of coverage under present law might not qualify for a year of coverage after sharing earnings.

As shown in the table below, under the alternative option, about 1 in 10 married and divorced women would get higher benefits in 2010. However, only 2 out of 100 widowed women would get increased benefits. For married and previously married women who get increases, the average increase in benefits under the alternative would be about 10 percent.

Percent of Beneficiaries Age 62 and Over in 2010 Who Would Receive Increased Benefits Under The Special Minimum Childcare Options

	Primary		Alternative	
	% with Increases	Average % Gain	% with Increases	Average % Gain
Married				
Men	0%	0%	1%	6%
Women	1	5	10	10
Divorced				
Men	0	0	1	4
Women	1	5	10	9
Widowed				
Men	0	0	2	7
Women	0	0	2	9
Never Married				
Men	0	0	0	0
Women	0	0	4	6

The largest group of women to gain from these options would be those receiving retired worker benefits who are not dually entitled to spouse's or survivor's benefits. Under the alternative, approximately 16 percent of married and divorced women in this benefit category would gain, as would 7 percent of widowed women. 73/

73/ A very small number of women who are dually entitled to spouse's (divorced spouse's) and worker's benefits would get small benefit decreases under the proposals. A loss would result in these cases because the rate of actuarial reduction applied to the worker's benefit exceeds the rate applied to the spouse's benefit.

As shown in the table below, the alternative option generally would be helpful to the widows and divorced women with the lowest present law benefit amounts. Few divorced women in the first quartile would be helped because either (1) they receive benefits as divorced spouses, not as workers or (2) they have such low earnings when they work that they cannot qualify for a year of coverage.

Effect of Alternative Special Minimum Childcare Option on Widows and Divorced Women in 2010 By Present Law Benefit Level

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Divorced Women in 2010				
Average Present Law Benefit (1984 $)	$ 3,130	$ 4,587	$ 5,892	$ 8,234
% with Increases	5%	18%	16%	1%
Widows in 2010				
Average Present Law Benefit (1984 $)	$ 3,822	$ 5,856	$ 7,207	$ 9,363
% with Increases	4%	2%	0%	0%

This table also illustrates why the special minimum options generally would be more beneficial to divorced women than to widows. Because widows get a benefit based on 100 percent of their deceased spouses' basic benefit, they generally receive a much higher auxiliary benefit than divorced women, and the special minimum options would be most beneficial for people with low benefits and for people who receive (or would receive) a worker's benefit that exceeds (or would exceed) their auxiliary benefit.

Implementation: As with the childcare dropout year and childcare increment options, there would be some administrative problems in determining a worker's qualifications for a childcare credit year under the special minimum options (i.e., obtaining birth certificates for nonentitled children and determining whether the child was living with the worker). Also, whether the option is effective prospectively for just new beneficiaries or is effective as well for beneficiaries already on the rolls, significant changes would be required in the system's computation procedures.

However, if the option were effective for beneficiaries on the rolls, SSA would have the additional burden of requesting and processing the required information from all workers whose benefit under the regular computation is less than the highest potential benefit under the special minimum/childcare credit proposal. Recomputing the benefits would create a large administrative workload. Additionally, as previously mentioned, SSA does not have any record of noncovered earnings before 1978 and would have to rely on the claimant's allegation concerning these earnings.

Cost: The long-range net cost of the primary special minimum childcare credit option would be 0.01 percent of taxable payroll.

The long-range net cost of the alternative option would be 0.03 percent of taxable payroll.

The short-range OASDI cost of the options are shown below, assuming the options would be effective prospectively for workers who become eligible or die after 1985 and would be phased in over a 5-year transitional period. During the transition, the number of years of childcare counted gradually would increase from 2 to 10 and the number of years of coverage countable would increase from 31 to 35, depending on the year of eligibility or death.

	Calendar Years (cost in billions)				
	1986	1987	1988	1989	1990
Primary	$0.1	$0.2	$0.4	$0.6	$0.9

The short-range cost of the alternative option would be roughly the same as under the primary option.

Standards Met:

- These options would increase benefits for women by taking account of time out of the paid labor force for childcare responsibilities.
- These options would increase benefit protection for divorced women with low benefits under present law.

OPTION: Modify Disability Insured Status Requirements

This option would modify the insured status requirements for disability insurance benefits. Under the option, a disability insured status freeze would be provided for years in which a worker had no earnings in covered or noncovered employment and was caring for his or her child (or a spouse's) under age 7. The effect of this option would be to disregard childcare years in determining whether a person meets the insured status requirements for disability benefits.

Discussion: The purpose of the present law recency-of-work requirement is to restrict the payment of disability benefits to people who become disabled after a recent and reasonably substantial attachment to the paid labor force and to screen out those who have become disabled several years after having left the labor force or have had only sporadic work histories. However, the recency-of-work test is sometimes considered disadvantageous to women who leave the work force temporarily to care for children because they may lose disability protection even though they may have worked in covered jobs for a number of years and plan to return to work.

The insured status freeze would be targeted toward the preservation of disability protection for people who leave the work force to care for young children. If the person was insured when he or she left the labor force, this insured status would be maintained, or frozen, during the years of childcare. Similarly, if a currently employed person became disabled, any previous years of childcare would be completely disregarded in determining the measuring periods for both the fully insured status and recency-of-work requirements. For example, in determining if a worker had 20 quarters of coverage in the 40 quarters prior to onset of the disability, childcare years would be skipped over in figuring the applicable 40-quarter period.

On the other hand, some people would view the childcare freeze as unfair on the grounds that there are other people who have equally valid reasons for leaving the labor force--for example, caring for an invalid parent or spouse or attending school to qualify for a job of benefit to society (teacher, physician, etc.)--but who would not get the advantage of the freeze.

Effects: Projections from the 1978 Disability Study indicate that, if the insured status freeze had been in effect in January 1979, 2.8 million women and 0.8 million men would have become insured for disability benefits.

Implementation: Implementation of this option would not be difficult. Systems modifications would be required but they would not be extensive. As with other options involving measurement of years of "no earnings," SSA would have to accept the claimant's allegation concerning noncovered earnings before 1978. Because additional people would become eligible for disability benefits, additional initial disability determinations and continuing disability reviews would be required.

Cost: The long-range net cost of this option would be less than 0.005 percent of taxable payroll.

The short-range costs are shown below. The costs are based on the assumption that the option would be effective with respect to benefits based on applications filed after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.7	$0.6	$0.4	$0.5	$0.5

Standards Met:

- This option would increase disability protection for women who take time out of the paid labor force for childcare and/or homemaking responsibilities.

SECTION III
IMPROVE PROTECTION FOR DIVORCED WOMEN

The options in this section are directed specifically toward improving protection for divorced women. The first two options discussed would increase the level of, or modify the requirements for, present law divorced spouse's benefits. The third option would provide a mechanism under which certain insured people who were divorced upon entering retirement could receive higher worker's benefits. The last option in this section would allow earnings during years of marriage to be shared on a voluntary basis as part of the divorce settlement.

PRESENT LAW PROVISIONS AFFECTING DIVORCED WOMEN

Auxiliary benefits are available to a divorced spouse of a retired or disabled worker or surviving divorced spouse if the marriage lasted 10 years or more. Beginning in 1985, benefits are also payable at age 62 to a divorced spouse of a worker who has not retired if the worker is eligible for benefits, but has not filed for them, provided the former spouse has been divorced from the worker for at least 2 years. The amount of the divorced spouse's benefit is equal to up to 50 percent of the worker's basic benefit. A surviving divorced spouse may receive an amount equal to up to 100 percent of the deceased worker's basic benefit amount. The amounts are the same as those for a nondivorced spouse or surviving spouse.

OPTIONS TO INCREASE THE DIVORCED SPOUSE'S BENEFIT

OPTION: Increase Divorced Spouse's Benefits

This option would increase the benefit of a divorced spouse of a retired or disabled worker by 1 percent of the worker's basic benefit amount for each year of marriage in excess of 10 years up to a maximum increase of 25 percent of the basic benefit amount for marriages that lasted 35 years or longer. Benefits would be payable no earlier than the 25th month after the divorce occurred.

Increased benefits would be payable only for months in which the divorced spouse is not living with the worker. For months in which the divorced spouse lives with the worker, the benefit would be reduced to 50 percent of the basic benefit amount. This restriction is in accordance with the purpose of the option, which is to pay higher benefits to divorced spouses living separately. 74/

Discussion: For those women who get divorced spouse's benefits under present law, relatively limited protection is provided because the benefit amount paid to divorced spouses is the same as that which is provided for wives. While a benefit equal to 50 percent of the worker's benefit may be adequate to meet the needs of a spouse living with a worker who is also getting Social Security benefits, it may not be adequate in the absence of other resources to provide for a divorced spouse living alone.

The increased divorced spouse's benefit could help many women who were homemakers divorced after relatively long marriages and who first entered the paid labor force in middle age. Many of these women qualify only for small benefits as workers. Such women may receive little or no additional retirement income based on their own work, because, as a result of the dual entitlement provision, they receive an amount equal to the higher of the worker's benefit or the divorced spouse's benefit.

Effects: The option would be particularly beneficial to those women who were divorced after relatively long marriages. It is estimated that the option would increase divorced spouse's benefits by an average of 25 percent, but those women who were married 35 years or more (15 percent of the currently divorced beneficiaries) would get a 50-percent increase in benefits.

However, relatively few women would benefit from this option. Data from the 1982 New Beneficiary Survey show that only 6 percent of the women who began receiving benefits in 1980-1981 were currently divorced. Of those divorced, 66 percent received worker's benefits only, and 9 percent were dually entitled to retired worker's benefits and auxiliary benefits as spouses or surviving spouses. Another 9 percent received only divorced spouse's benefits. (The remainder received only survivor's benefits.) It is estimated that, of those divorced women who received retired worker's benefits only, about 10-20 percent would become eligible for divorced spouse's benefits as a result of this

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74/ As under current law, the increased divorced spouse's benefits would be reduced by 25/36ths of 1 percent for each month of entitlement under age 65, and the benefit would not be subject to the maximum family benefit provisions or to the earnings test because of the worker's earnings.

option and, therefore, would receive an increase in benefits. Nearly all of those who either are dually entitled to both retired worker's benefits and divorced spouse's benefits or are entitled to divorced spouse's benefits only would receive an increase under the option. (The only reason that such a divorced spouse would not get an increase under this option is if the marriage lasted more than 10 but less than 11 years.)

Implementation: Because this option would add a new factor--length of marriage--to the calculation of a divorced spouse's benefit, all systems which compute benefits would need significant revisions. Substantial leadtime would be needed to implement this option. Also, proof of marriage and divorce would be needed in cases in which it need not be developed under present law.

Cost: The long-range net cost of the option would be less than 0.005 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective for divorced spouses who reach age 62 after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
a/	a/	a/	a/	$0.1

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a/Less than $50 million.

Standards Met:

- This option would increase benefit protection for divorced women.

OPTION: **Reduce the 10-Year Duration-of-Marriage Requirement**

This option would reduce from 10 years to 5 the duration-of-marriage requirement needed to qualify for benefits as a divorced spouse (or surviving divorced spouse) so that additional divorced women could get Social Security benefits as auxiliaries.

Discussion: When the provision for paying benefits to divorced spouses and surviving divorced spouses was first enacted in 1965, benefits were payable only to a divorced wife or widow who had been married to the worker for at least 20 years. 75/ The purpose of the 20-year requirement, as explained in the Committee on Ways and Means report in 1965, was to limit the payment of benefits to "women who have spent their lives in marriages that are dissolved when they are far along in years . . . and who have not been able to work and earn benefit protection of their own . . . ."

Experience with the provision showed that many women reached retirement age unable to qualify for benefits based on their own earnings and unable to meet the 20-year duration-of-marriage requirement for divorced wife's or widow's benefits. Accordingly, the 1977 Social Security amendments reduced the duration-of-marriage requirement to 10 years.

It should be noted that reducing the duration-of-marriage requirement to 5 years would increase the possibility that two, three or more divorced spouses could qualify for benefits based on one worker's earnings. This option also would increase the possibility that a divorced person potentially could be eligible for benefits based on several different workers' earnings records. Of course, he or she could actually draw benefits based on the earnings of only one former spouse.

Effects: Although 81 percent of all divorces now occur after fewer than 10 years of marriage, data from the New Beneficiary Survey show that most (80 percent) currently divorced women had at least one marriage that lasted 10 years. SSA estimates that in 1980 about 9,500 divorced women would have become newly eligible for divorced spouse's benefits under this option. The reason that so few women would become eligible is that most divorced women, particularly those who are divorced at a young age, work in covered employment and become entitled to higher benefits as workers. Also, the vast majority of divorced spouses (particularly if they have been married for only 5 years or less) remarry and become eligible for benefits as nondivorced spouses based on other workers' earnings records.

75/ The 1965 law provided benefits for divorced wives and widows only and, in addition to the 20-year marriage requirement, contained a stricter support requirement. The support requirement was repealed effective January 1973 and the 20-year marriage duration requirement was reduced to 10 years in 1978. Benefits were paid to divorced husbands and widowers as a result of several court decisions which were incorporated into law by the Social Security Amendments of 1983.

Implementation: Because of the nature of this option, it would apply only to new beneficiaries. Current worker beneficiaries, or widow(er) beneficiaries who could be entitled to higher benefits as divorced spouses or surviving divorced spouses if the duration-of-marriage requirement were reduced to 5 years, would need to file for the new benefit. Evidence needed for entitlement to benefits as a divorced spouse or surviving divorced spouse would be the same as under present law. For these reasons, this option would not be difficult to implement.

Cost: The long-range net cost of the option would be 0.06 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective prospectively on the basis of applications filed after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
a/	$0.1	$0.1	$0.1	$0.2

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a/ Less than $50 million.

Standards Met:

- o This option would increase protection for divorced women by allowing more women to qualify for benefits as divorced spouses (or surviving divorced spouses).

OPTIONS TO IMPROVE WORKER'S BENEFITS FOR DIVORCED WOMEN

OPTION: Provide Divorced Workers with Additional Dropout Years for Nonwork Years 76/

This option would increase the retirement or disability benefit for some divorced workers (and the potential benefits for their survivors) by increasing the number of years of zero earnings that

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76/ A similar proposal was introduced by Senator William Armstrong (R., CO) in the 98th Congress.

could be disregarded (i.e., dropped out) in the benefit computation. Divorced workers would be allowed 1 additional dropout year (up to a maximum of 5 additional dropout years) for each year of zero earnings after 1950 during any prior marriage that lasted 10 years or longer and ended in divorce. To qualify, the worker must be unmarried and 24 months must have elapsed since the divorce. If these requirements were not met when the worker became entitled to benefits, he or she could apply for a recomputation to reflect the additional dropout years if/when the requirements subsequently were met. (Remarriage after the divorce would not preclude the provision from applying, provided the worker was unmarried when filing for the benefit.) Any years dropped from the computation under this provision would be determined and dropped prior to the application of the regular dropout provision of present law.

Discussion: Increasing the number of dropout years would provide higher benefits for divorced individuals whose own retirement benefit is larger than the spouse's or surviving spouse's benefit payable and for most divorced spouses whose spouse's or surviving spouse's benefits are relatively close to the amount of their own retirement benefits. However, increasing the number of dropout years would not provide additional benefits for divorced persons whose spouse's or surviving spouse's benefit is considerably larger than their own retirement benefit or for divorced persons who cannot qualify for a retirement benefit as a worker.

As mentioned in the discussion of the effects of the previous option to increase divorced spouse's benefits, the large majority of divorced women receive retired worker's benefits based on their own work records and thus potentially could be helped by this option. Of divorced women who first received benefits in 1980-1981, 66 percent received retired worker's benefits only; another 9 percent were dually entitled to retired worker's benefits and auxiliary benefits as divorced spouses or surviving divorced spouses. About 25 percent received only auxiliary benefits. The latter group includes 9 percent who received a wife's benefit and 16 percent who received widow's benefits based on their former husbands' records.

Average benefits for divorced women who receive only retired worker's benefits--the group most likely to be helped by the option--are higher than average benefits for other benefit category groups of divorced women. The average benefit in 1982 for divorced women who began receiving retired worker's benefits only in 1980-1981 was $405 compared to $290 for those dually entitled, $250 for those receiving divorced spouse's benefits only and $390 for those receiving surviving divorced spouse's benefits only.

Providing additional dropout years just for divorced workers may raise equity questions in that a divorced worker could get a substantially larger benefit than a married, single or widowed worker with an identical work record. Since some married couples eventually could receive larger Social Security benefits under the option if they divorced, there would be some incentive to divorce. However, the requirement that the divorce occur 2 years before the option could apply is intended to minimize any tendency for couples to divorce in order to increase their retirement benefits.

By requiring zero earnings in a year in order for that year to be a dropout year, the option would penalize those divorced individuals who have primarily been homemakers but who did not completely withdraw from the labor force. Thus, individuals who continued to work could receive lower retirement benefits than similarly situated people who completely withdrew from the labor force in a given year and thus would qualify for the additional dropout year. This concern could be alleviated somewhat by establishing an earnings threshold at some amount above $0, but the amount chosen would likely be considered arbitrary. Establishing a higher threshold would, of course, increase the cost.

Effects: DYNASIM results for the year 2010 indicate that this option would increase benefits for slightly more divorced men than divorced women; 43 percent of divorced men would receive benefits higher than present law compared to 35 percent of divorced women. However, the overall average effect on benefits of divorced men and women would be the same--an increase of 2 percent.

The extent of the benefit increase for the 35 percent of divorced women who would get higher benefits would be relatively moderate--6 percent. As shown in the table below, the proportion of divorced women who would get higher benefits would vary depending on their beneficiary status under present law; the average increase for divorced women who would get increases would range from 4 to 7 percent.

Effect of Additional Dropout Years on Divorced Women Age 62 and Over in 2010 By Present Law Beneficiary Status

	Total	Spouse Benefit Only	Survivor Benefit Only	Worker Beneficiary		
				Spouse Dual	Survivor Dual	Worker Only
Receive Present Law	5791	160	252	545	1642	3192
% with no change	64%	53%	75%	41%	80%	59%
% with increases	35	48	25	44	20	41
Average % gain	6	4	4	4	4	7
% with decreases	1[a]	0	0	15[a]	0	0
Average % loss	-2	0	0	-2	0	0
Total average difference	2	2	1	2	1	3

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[a] For people dually entitled to worker's benefits and spouse's benefits, an increase in the worker's benefit (as would occur under the option) could result in a slight decrease in the person's total benefits in cases in which the rate of actuarial reduction applied to the worker's benefit exceeds the rate of reduction applied to the spouse's benefit.

Implementation: Providing additional dropout years for nonworking divorced spouses would require significant systems changes to allow additional dropout years to be disregarded. In addition, proof of marriage and divorce would be needed in cases in which it need not be developed under present law. Significant leadtime would be needed to effectively implement this option. As with other options involving noncovered earnings, since SSA does not maintain records of noncovered earnings prior to 1978, the person's allegation concerning noncovered earnings during that period generally would have to be accepted.

Cost: The long-range net cost of this option would be 0.03 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be phased in over a 5-year period, beginning with workers who become eligible for benefits or die after 1985. The number of additional dropout years provided would increase by one each year so that 5 additional dropout years would be permitted for workers who become eligible for benefits or die in 1990 or later.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
a/	a/	a/	a/	$0.1

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a/ Less than $50 million.

Standards Met:

o This option would increase benefits for divorced women.

OPTION: Permit Voluntary Earnings Sharing as Part of a Divorce Settlement

This option would provide that a couple's total earnings credits during each year of marriage could be evenly divided between the spouses as part of a divorce settlement. However, earnings could be shared only if sharing were requested by either spouse and only if the presiding judicial official granted the request. No judicial discretion would be permitted in cases where a prenuptial agreement specifically provided for the treatment of earnings credits in cases of divorce. As an alternative to sharing for each year of marriage, the option could be structured to permit the judge or the divorcing couple to decide/agree to share for some years of marriage and not others. (This approach might be used, for example, in cases where the couple had not cohabited for a number of years before a divorce decree was sought.)

If a court ordered sharing of earnings credits as part of a divorce settlement, neither of the former spouses would be eligible for present law divorced spouse's or surviving divorced spouse's benefits based on that marriage. 77/ However, once a

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77/ An individual could, however, be eligible for a spouse's or surviving spouse's benefit based on a previous or subsequent marriage.

former spouse died, the survivor would be credited with (i.e., would "inherit") the total amount of the decedent's covered annual earnings for each year of marriage. (The combination of the survivor's and decedent's earnings credits could not exceed the contribution and benefit base in any year.) Benefits for the divorced person and any subsequent spouse and/or family members would be based on the earnings record as altered by sharing or inheritance from a former deceased spouse. 78/

Discussion: The sharing of earnings credits as part of a divorce settlement would be consistent with the direction of recent legislative changes in Federal retirement programs. These legislative changes generally entitle a divorced spouse who was married to a Federal employee for at least 10 years to a pro-rata share of the employee's retirement and survivor annuity, based on the years of marriage during the employee's service, subject to court review, modification or rejection.

For marriages that lasted less than 10 years (which therefore would not qualify the lower earner for a present law divorced spouse's or surviving divorced spouse's benefit), sharing of earnings would always advantage the lower earner of the couple. However, the higher earner in these cases, as well as in cases in which the marriage lasted 10 years or longer, would always be disadvantaged by sharing--unless the lower earner died, at which time the higher earner would benefit from having the ex-spouse's earnings during the years of marriage added to his or her own earnings.

For marriages that lasted 10 years or more, the lower earner's decision to request sharing--which would be irrevocable--could be a difficult one, because in many cases it could not be determined at the time of divorce whether earnings sharing ultimately would be in his or her best interest. Since the sharing of earnings would preclude the payment of present law divorced spouse's or surviving divorced spouse's benefits based on that marriage, the lower earner could be either advantaged or disadvantaged by sharing--depending on a number of factors, including the length of the marriage, how his or her lifetime earnings will compare to the lifetime earnings of his or her ex-spouse, and whether or not the

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78/ For purposes of paying survivor's benefits to family members of the deceased worker, the decedent's earnings record would reflect the prior sharing of earnings but would not be altered due to the inheritance of earnings by the former spouse which would take place at the worker's death.

lower earner will remarry. In effect, the lower earning spouse would have to base the decision to request sharing on a "guess" as to his or her future work experience and earnings potential as well as future marriage plans.

For example, if a lower earner obtained a divorce after 15 years of marriage and expected to have only minimal or sporadic future earnings, earnings sharing would probably not provide higher benefits than would be available under present law. On the other hand, if the lower earner expected to continue to have significant earnings in the future so that the present law benefit as a retired worker would equal or exceed the benefit as a divorced spouse, then earnings sharing would provide higher benefits while the ex-spouse was alive. If the ex-spouse predeceases the lower earner, the lower earner in these two cases would likely get higher benefits if he or she had not opted to share earnings (i.e., if he or she could receive the present law surviving divorced spouse's benefit). Exceptions to this outcome would be cases in which the lower earner's lifetime earnings were fairly close to the lifetime earnings of the ex-spouse, so that the inheritance of the ex-spouse's earnings would result in a higher retired worker's benefit.

Whether or not the lower earner ultimately would remarry--a situation usually not known at the time of divorce--could have a big impact on whether earnings sharing ultimately would be to his or her advantage. This is because a person who remarries would have another opportunity to qualify for spouse's benefits and, more important, surviving spouse's benefits. Thus, a subsequent marriage would ameliorate the loss of divorced spouse's and surviving divorced spouse's benefits based on the prior marriage and consequently increase the likelihood that sharing earnings would help (and not hurt) the lower earner.

Another factor that could affect the request for earnings sharing is the potential for the lower earner to obtain disability insured status based on the shared earnings. The sharing of earnings could be particularly beneficial to disabled homemakers who would not be insured for disability benefits under present law.

If the option were modified to provide a guarantee of present law spouse's benefits to lower earners who opt for earnings sharing, the lower earner would always stand to gain, without any risks, but the higher earner still would always stand to lose, at least while the ex-spouse was alive. Of course, such a guarantee might be viewed as inequitable or one-sided.

This option is somewhat similar to the Canadian program that permits voluntary earnings sharing at divorce. However, under the

Canadian program, the sharing of earnings is not part of the divorce settlement; rather, either spouse has 3 years after the divorce to decide whether to request sharing. It should be noted that less than 2 percent of women divorced since the implementation of the Canadian program have applied for the sharing of earnings, even though all divorced low (or no) earning spouses would benefit from the sharing since no spouse's benefits are provided under the Canadian social security system. 79/ The Canadian experience seems to indicate that the extent to which people would choose earnings sharing under this incremental option cannot be predicted with any certainty. (See Appendix K for full discussion of the Canadian plan.)

In summary, voluntary earnings sharing at divorce would always result in lower benefits than present law for the higher earner (and his or her future family) while the ex-spouse is alive and may or may not provide higher benefits for the lower earner. Lower earners who subsequently learn upon retirement or death of the former spouse that they would have been better off if they had not opted for earnings sharing could be expected to object.

Implementation: Documentation with regard to the exact dates of marriage and divorce would, of course, be required in order for SSA to implement voluntary earnings sharing. One approach would be to require that at least one of the former spouses (to be designated by the divorce decree) provide SSA with the necessary information within 1 year after the divorce becomes final. Since this approach would depend on individuals' reporting the necessary facts, a certain amount of unevenness would result, because some individuals would fail to report or would report incorrectly. Alternatively, States could be required to provide SSA with notice of divorce settlements that call for the sharing of earnings credits. However, this alternative, too, would involve some problems. (See Chapter VI for a discussion of the problems involved in requiring States to provide marriage/divorce information.)

79/ While there is no definitive reason for the low takeup rate, explanations offered include a lack of public awareness and a possibility that high earners could be offering their spouses some *quid pro quo* in exchange for not applying for credit splitting at divorce.

As explained in Chapter VI, basing Social Security benefits on shared earnings would require substantial changes to SSA's computational systems and would require establishing new data bases. For these reasons, it would be essential that adequate leadtime be provided.

Cost: The cost of this option would depend upon how the option was structured and the extent to which people volunteered for it.

Standards Met:

- This option would increase protection for divorced women whose marriages lasted less then 10 years.
- To the extent that earnings sharing at divorce would result in higher benefits for divorced women married 10 or more years, this option could fulfill the objective of improving Social Security protection for divorced women. However, this result would be tempered by the possibility that divorced women would not choose to participate in the option, or would participate but make an "incorrect" decision concerning sharing that would result in a lower benefit for them.

SECTION IV
IMPROVE PROTECTION FOR HOMEMAKERS

The two options in this section are intended to improve protection for homemakers. The first option would establish earnings credits under Social Security for homemaker services. The second option would provide auxiliary benefits for disabled spouses of retired and disabled workers.

PRESENT LAW PROVISIONS AFFECTING HOMEMAKERS

Unreduced auxiliary benefits are provided at age 65 to an insured worker's spouse (or divorced spouse) at the rate of 50 percent of the worker's basic benefit amount and to an insured worker's surviving spouse (or surviving divorced spouse) at the rate of 100 percent of the worker's basic benefit amount. Reduced spouse's benefits can be claimed as early as age 62, and reduced survivor's benefits generally can be claimed as early as age 60. However, if a surviving spouse is severely disabled, surviving spouse's benefits can be claimed as early as age 50. Benefits are also payable to a spouse or surviving spouse under age 65 if she (or he) is caring for a child who is under age 16 or disabled and who is entitled to child's benefits based on the worker's earnings.

OPTIONS TO INCREASE PROTECTION FOR HOMEMAKERS

OPTION: Provide Homemaker Credits 80/

In general, homemaker credit options would provide Social Security earnings credits for spouses based on the imputed dollar value of their unpaid homemaker services. The spouse's benefit and surviving spouse's benefit would be eliminated. The actual value of homemaker services for Social Security purposes and the method of financing the credits would have to be determined if a specific

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80/ Bills to provide Social Security credits for people who perform homemaker services have been introduced in past Congresses by former Representatives Barbara Jordan (D., TX), Bella Abzug (D., NY), and Martha Griffiths (D., MI). (See Appendix B.) No such bill was introduced in the 98th Congress.

plan were developed. Homemaker credits would replace the current system of spouse's and surviving spouse's benefits because homemakers would acquire their own earnings credits--making it possible for them to receive benefits as workers in their own right.

Alternatively, this approach could be limited just to people who care for children. Such "childcare credits" could be provided for a person who reduces his/her earnings or takes time out of the paid labor force to care for a child under some given age. Under such an option, spouse's benefits (and surviving spouse's benefits) would not necessarily be eliminated.

Discussion: Providing credits for homemaker/childcare services would recognize that work in the home has an economic value to the family and society.

Implementing any homemaker credit option would be complex and would pose several difficult problems:

o A value would have to be placed on work performed in the home. Theoretically, the value should be determined individually based on the time and effort each homemaker spends performing homemaking services; however, adjustments on an individual basis would not be feasible administratively. Consequently, it would be necessary to set some kind of national standard for the value of homemaker services so that a uniform credit for all homemakers could be provided--e.g., the Federal minimum wage. Also, unless a high dollar value were set for the credits (which would be very expensive), many women, especially widows, could get lower benefits than under present law. For example, the homemaker in a lifelong marriage would have to receive credits equal to the deceased spouse's annual earnings in order to get the same benefit as under present law.

o A fair and enforceable definition of "homemaker" would have to be created based on age and an upper earnings limit, a child-in-care requirement or some other criteria. Past proposals for homemaker credits have provided that persons working fulltime would not get the credits. However, it is likely that there would be pressure to provide recognition of in-home work from those people who work fulltime and who also perform substantial unpaid homemaking services. Although administratively infeasible, another approach would be to require that the person work less than a specified number of hours per month to qualify for the credits. Also, if it were decided that both spouses of a married couple should not qualify for the credits in the same year, some arbitrary test would be needed so that only one spouse could qualify for the credits.

- A method of financing would have to be devised. There are at least three alternatives:
  - Require homemakers to pay Social Security taxes on the imputed value of their services. In order to finance the credits on the same basis as credits for paid wages, contributions would have to be made at the combined employer-employee rate (14.10 percent of covered earnings for 1985, including Medicare hospital insurance contributions).
  - Use general revenues to pay for the additional benefits that would be payable on account of the homemaker credits. This mechanism could apply across the board or could apply only to homemakers in low-income families.
  - Increase the Social Security taxes of paid workers.

Cost: The cost of a homemaker credit option would be dependent on the imputed dollar value placed on work in the home, the definition of "homemaker" and the method of financing.

Standards Met:

- In general, homemaker credit plans would increase benefits for women by taking account of time out of the paid labor force for childcare and/or homemaking responsibilities.
- Homemaker credit plans also would expand coverage to provide disability protection for homemakers.

OPTION: **Provide Disabled Spouse's Benefits**

This option would provide for the payment of benefits to disabled spouses and disabled divorced spouses of retired or disabled workers beginning at age 50. The disability protection provided to these disabled spouses would be similar to that provided under present law for disabled widow(er)s. The benefit amount payable to a disabled spouse between the ages of 50 and 62 would be equal to 37.5 percent of the worker's basic benefit amount. Medicare protection would be provided after 24 months of entitlement to disabled spouse's benefits.

Discussion: The reason that benefits are not payable under present law to a spouse of a retired or disabled worker who has not reached age 62 or who is not caring for an entitled child of the worker is that such a spouse is presumed to be able to work and be self-supporting. Of course, this presumption is not valid in the case of a wife or husband who is totally disabled. This option would provide valuable Social Security protection for disabled people who are spouses of retired or disabled workers.

When homemakers become disabled, the loss of their homemaking and childcare services may be costly for the family to replace and there may be additional expenses connected with their disabilities. The situation is probably most acute in the case of separated or divorced homemakers who may have become disabled before working long enough in a covered job to be insured for disability benefits and who receive no support from their spouses or ex-spouses.

Married working women may also need disability protection as spouses. Married working women under age 62 who become disabled after 5 or more years out of the paid labor force do not get Social Security benefits based on their husbands' earnings, and they lose disability protection based on their own earnings even though they may have spent most of their adult lives in paid employment. When disability protection is lost, up to 5 years of covered work are required to regain the protection.

Under this option, disability protection would be provided in many cases where no wages have actually been lost. In these situations, the family might be better off financially after the homemaker became disabled than before her services were lost. It is questionable whether it would be appropriate to pay Social Security benefits under these circumstances.

Effects: SSA estimates that about 2-3 percent of the wives of male retired or disabled workers and about 1 percent of the husbands of female retired or disabled workers would receive disability benefits under this option.

Implementation: Implementation of this option would require relatively few systems modifications. However, it would increase workloads since it would require processing applications and making time-consuming disability determinations for all homemakers who would gain eligibility. It would also require continuing disability reviews to ensure that beneficiaries remained eligible for benefits.

Cost: The long-range net cost of the option would be 0.02 percent of taxable payroll.

The short-range cost of the option is shown below, assuming the option would be effective for benefits payable after December 1985 on the basis of applications filed after December 1985.

Calendar Years (cost in billions)				
1986	1987	1988	1989	1990
$0.1	$0.2	$0.2	$0.3	$0.3

Standards Met:

- Providing disabled spouse's benefits would expand coverage to provide disability protection for homemakers.

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APPENDIX A
MANDATE FOR REPORT

Public Law 98-21--APR 20, 1983

EARNINGS SHARING IMPLEMENTATION REPORT

42 USC 902 note

SEC. 343. (a) The Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") shall develop, in consultation with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, proposals for earnings sharing legislation as described in subsection (b). The Secretary shall report such proposals to such committees not later than July 1, 1984. The report and proposals provided to such committees shall—

(1) take into account, discuss, and analyze the impact of earnings sharing on various categories of social security beneficiaries and include recommendations for the implementation of earnings sharing which may be necessary to provide adequate protection for particular classes of beneficiaries;

(2) include specific recommendations with respect to an appropriate and feasible time period or time periods for implementation of such proposals along with recommendations for any transition provisions which may be necessary or appropriate; and

(3) provide cost-impact analyses on each proposal presented.

(b) For the purposes of subsection (a), the term "earnings sharing" refers to proposals that the combined earnings of a husband and wife during the period of their marriage shall be divided equally and shared between them for social security benefit purposes.

(c) In preparing the report and proposals required in subsection (a), the Secretary shall include consideration and analysis of the earnings sharing proposals contained in (1) S. 3, 98th Congress, 1st Session, (2) H.R. 1513, 97th Congress, 1st Session, and (3) the earnings sharing option described in the report entitled "Social Security and the Changing Roles of Men and Women", submitted to the Congress pursuant to Public Law 95-216, the Social Security Amendments of 1977.

42 USC 1305 note

(d) In carrying out subsections (a), (b), and (c), the Secretary shall consult with the Director of the Congressional Budget Office. Not later than 30 days after the Secretary submits the report required in subsection (a), the Director of the Congressional Budget Office shall submit a report to the committees identified in such subsection on the methodologies, recommendations, and analyses used in the Secretary's report.

APPENDIX B

HISTORICAL PERSPECTIVE: RECOMMENDATIONS FOR CHANGING THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY

The following is a chronological account over the last 20 years or so of proposed legislation and recommendations of various councils and commissions concerning the treatment of women under Social Security.

1963: The Committee on Social Insurance and Taxes of the President's Commission on the Status of Women looked at the treatment of working wives relative to noninsured wives and to other workers. While the Committee concluded that in many ways working wives were treated fairly under Social Security, it also recommended that a working wife should get her own retirement benefit and some fraction of her benefit as a dependent. The proposal would not have applied to widows. It was not endorsed by the full President's Commission.

1967: Legislation was introduced but not enacted that would have provided for a combined earnings plan to equalize Social Security benefits for one- and two-earner couples (and survivors) with the same average lifetime earnings. Combined earnings plans generally would allow married couples at retirement to combine their past earnings credits up to the amount of the contribution and benefit base each year and for the couple to receive 150 percent of benefit based on combined earnings.

1968: In its report to the President, the Citizens' Advisory Council on the Status of Women recommended a combined earnings plan similar to the one introduced in 1967, but noted that the long-run solution to the problem of unequal benefits for couples with the same lifetime earnings could involve a different approach and recommended consideration of other alternatives for the long run.

1971: The Advisory Council on Social Security reviewed plans similar to the one introduced in 1967 but did not recommend a combined earnings plan.

1972: Legislation was introduced but not enacted that would recognize for Social Security purposes the value of work in the home. The plan would have provided Social Security earnings credits to homemakers; the cost of the credits would have been financed through general revenues.

1974: Legislation was introduced but not enacted to recognize the value of work in the home. This proposal would have provided mandatory earnings credits for homemakers financed through individual contributions at the self-employment rate, which, at that time, was about 1½ times the employer rate.

1975: The Subcommittee on the Treatment of Men and Women of the 1975 Advisory Council on Social Security developed a voluntary combined earnings plan similar to the one introduced in 1967. The plan would have permitted married couples at retirement to combine their past earnings credits up to the amount of the contribution and benefit base each year and for the couple to receive 150 percent of the benefit based on combined earnings. The plan was not endorsed by the full Council.

1975: The Task Force on Women and Social Security endorsed a plan in its October 1975 report to the Senate Special Committee on Aging that would have lessened the disparity in benefits for one- and two-earner couples. Under this plan, the basic benefit amount of all workers would be raised by 12.5 percent and the spouse's benefit would be lowered from 50 to 33 1/3 percent of the worker's benefit.

1975: The Citizens' Advisory Council on the Status of Women, in its report to the President, recommended adoption of the combined earnings plan developed by the Subcommittee on the Treatment of Men and Women of the 1975 Advisory Council.

1976: The Consultant Panel on Social Security in a report prepared for the Senate Finance Committee and the House Ways and Means Committee included a recommendation for a plan that would have based a retired couple's benefit on the averaged earnings of both spouses. Spouse's and widow(er)'s benefits would have been eliminated. (The survivor would have received two-thirds of the couple's total benefits.) Average earnings plans are similar to earnings sharing plans except that they would base benefits on lifetime earnings instead of earnings only during years of marriage.

1976: Legislation was introduced but not enacted that would have provided earnings sharing for all couples who filed joint Federal income tax returns. Under the proposal, each member of a couple would receive earnings credits each year equal to the larger of: (1) 50 percent of the couple's combined earnings, or (2) 75 percent of the total covered earnings of the higher-paid worker. The 75-percent option was designed to recognize the nonmonetary contribution of an unpaid spouse to the couple's total welfare.

1976: The National Commission on the Observance of International Women's Year recommended that "the homemaker be covered in her own right under Social Security to provide income security for the risks of old-age, disability and death." Such coverage theoretically would provide higher benefits for women with careers divided betwen childcare and paid work and higher benefits for divorced women. The Committee stated in its report that it did not have the time or the detailed knowledge necessary to propose a sound system for including the homemaker under the Social Security Act and, instead, recommended that the President require the Department of Health, Education and Welfare (HEW) to produce a feasible proposal. 81/

1977: Staff of the Task Force on Sex Discrimination of the Department of Justice developed an earnings sharing plan that addressed issues relating to gaps in Social Security coverage for women. (The plan was never endorsed by the Department of Justice.)

1977: Legislation was introduced but not enacted that would have provided for an earnings sharing plan under which the total covered earnings of married couples would have been divided equally each year between the spouses. (This proposal was similar to the legislation introduced in 1976.)

1978: The HEW Task Force on the Treatment of Women under Social Security was established to review issues relating to the treatment of women and to analyze and provide cost estimates for alternative approaches to deal with these issues. The task force was directed not to develop alternatives or make recommendations. The task force ultimately reviewed eight approaches that had been previously proposed as legislation or recommended by various advisory groups in its report issued February 1978.

1979: The HEW report, *Social Security and the Changing Roles of Men and Women*, was mandated by the 1977 Social Security amendments for the purpose of studying proposals to eliminate dependency as a factor in entitlement to spouse's benefits and to eliminate sex discrimination under the Social Security program. The report presented two broad-scale options, earnings sharing and a double-decker plan, that would make comprehensive changes to the Social Security program. These plans were developed to form a basis for discussion; they were not recommendations for

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81/ U.S. Department of State, National Commission on the Observance of International Women's Year, *To Form a More Perfect Union: Justice of American Women* (Washington, D.C., Government Printing Office, 1968) p. 225.

legislative action. In addition, the report analyzed a number of incremental approaches that would deal with one or more issues concerning the treatment of women under Social Security but would not, by themselves, make basic changes in the Social Security system.

1979: The Advisory Council on Social Security and the President's Commission on Pension Policy both initially endorsed the concept of earnings sharing as embodied in the Changing Roles report. However, when these groups analyzed the distributional effects of earnings sharing, some members had misgivings about joining in an endorsement because of the variety of unintended results created by earnings sharing, especially the unavoidable reductions in benefit levels for many people. In its report, a narrow majority of the Advisory Council endorsed limited earnings sharing at divorce for retirement benefits and inheritance for survivors. The President's Commission on Pension Policy followed a similar course and endorsed the limited plan recommended earlier by the Advisory Council majority.

1980: The 1979 Advisory Council did not have time to develop its recommendations (limited earnings sharing and inheritance) into a detailed proposal before its report was released. Subsequently, the Social Security Office of Policy prepared a Working Paper to translate the Advisory Council recommendations into a specific plan.

1980: The National Commission on Social Security rejected both full-scale earnings sharing and the Advisory Council's limited earnings sharing plan with inheritance. The Commission cited the Office of Policy Working Paper, saying it considered "most serious . . . the evidence that the plan would lower benefits for a significant number of future beneficiaries, even for some whom the plan was designed to help." 82/ Instead, the Commission recommended what it considered to be cost-conscious ways to target limited benefit increases where they were most needed, for example, changes in the special minimum benefit.

1983: The National Commission on Social Security Reform (NCSSR) recommended four incremental changes to address specific problems confronting some widowed and divorced women. The NCSSR recommended: (1) a change in the way widow(er)'s benefits are computed when the worker dies before retirement age; (2) continued

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82/ National Commission on Social Security, Social Security in America's Future: Final Report of the National Commission on Social Security, March 1981 (Washington, D.C., Government Printing Office, 1981), pp. 229-230.

benefits for remarried disabled and/or divorced widow(er)s; (3) increased benefit rates for disabled widow(er)s; and (4) independent benefit entitlement for divorced spouses.

1983: The Social Security Amendments of 1983 (P.L. 98-21) included the recommendations concerning women made by the NCSSR. These amendments also eliminated most of the remaining gender-based distinctions from the Social Security Act and allowed 1 month's retroactive benefits to be paid to widow(er)s who elected reduced benefits. (A provision of this law also mandated this report; see Appendix A.)

APPENDIX C

THE INTERESTS AND CONCERNS OF NONGOVERNMENTAL GROUPS REGARDING THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY

Research Triangle Institute

November, 1984

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THE INTERESTS AND CONCERNS OF NONGOVERNMENTAL GROUPS REGARDING THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY

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The statements, findings and conclusions presented are those of the authors and do not necessarily reflect the views of the Social Security Administration.

CHAPTER I

INTRODUCTION

Overview

In early May, 1984, the Social Security Administration awarded a contract to the Research Triangle Institute (RTI) to determine the concerns of nongovernmental interest groups regarding the treatment of women under the Social Security system. This report presents the results of that effort in four chapters.

This first chapter includes relevant background information as an explanation for the study objectives. It concludes with a discussion of the context of the study in the larger political and economic arena. Chapter II contains a discussion of the research strategy, including the data collection and analytic methods. Chapter III presents the results, and Chapter IV offers a summary and conclusions for the Social Security Administration.

The next section provides a summary discussion of the events and issues underlying this study and its objectives. Since the study has been the subject of much debate, interest, and criticism (the implications of this visibility are discussed in the next section), this discussion is important to provide the context of the work and the results.

Background and Study Objectives

The Changing Roles of Men and Women

In the years since the initiation of Social Security and the 1939 Amendments providing benefits to wives of covered workers, a number of major social and economic changes have taken place. These changes include the increased participation of married women in the labor force, rising rates of divorce, and increasing longevity, especially among women. All of these raise fundamental questions about the role of Social Security in providing benefits to older Americans and to the disabled, and about the treatment of more and less traditional families under the system.

In particular, a central issue concerns the treatment of women as workers (in the home or in paid employment) and the distribution of benefits among categories of individuals and families. Broadly, the issues concern the roles of women and men in the family and in the larger society; transfers within and between households; continuity and change in family structure, especially the increase in divorce and remarriage; and the differences among groups under the present system and the likely effects of changes in the system on these groups.

The first basic issue concerns the roles of men, women and families in the society. Major recent changes in society are reflected in substantial increases in the participation of women in the labor force, and these changes are having a pronounced effect on the pattern of entitlements to Social Security benefits. Five years after the original enactment of the program, for example, only 17 percent of married women were employed outside the home (SSA, 1979, p. 25) in contrast to 52 percent in 1981 (U.S. Department of Commerce, 1982, p. 383).

Further evidence of this changing pattern of employment and its effects on entitlements is apparent in findings reported by Reno and Rader (1982, p. 28). Their analysis indicated that whereas 46 percent of the women receiving Social Security in 1976 were retired workers, fully 57 percent of women aged 55 to 59 in 1978 would be entitled to receive benefits on the basis of their employment. The significance of the increased labor force participation of married women is related to the manner in which Social Security benefits are awarded to women. Beginning with the 1939 Amendments to Social Security, married women who did not contribute to the system became eligible for a benefit. Widows were entitled to receive 75 percent of the benefits their husbands would have received, while wives over 62 could receive a benefit equal to 50 percent of their husband's (Lingg, 1983, p. 3). In addition, married women who have worked may have a "dual entitlement" because of contributions made by themselves and their husbands (Lingg, 1982, p. 3).

The "entitlement consequences" of large changes in the role of women now are bumping squarely into the twin goals of the system, expressed succinctly in a summary of a 1979 study reported in the Social Security Bulletin (SSA, 1979, p. 26):

> The concerns about the Social Security protection of women relate to the fundamental goals of the system which are to provide benefits that are adequate to meet important social needs and at the same time are equitably distributed among different categories of beneficiaries and contributors to the program.

As Burkhauser (1979, p. 424), Ferrara (1982, p. 20), and others note, there is an inherent conflict between the goal of operating an "actuarially fair" social insurance system and redistributing income to promote social adequacy. As a result of wives' increased participation in the labor force, the tension between (1) adequacy concerns regarding homemakers and dependent spouses and (2) equity concerns regarding one- and two-earner couples and married and single workers has become more promin- ent. According to Burkhauser (1979, pp. 247-248):

> What once was considered a major strength of the Social Security system, its blend of annuity and redistributive qualities, is now central to much of the controversy concerning its performance.

Problems in the Treatment of Women under Social Security

Several particular problems have drawn attention. One involves the treatment of women's earnings and the calculation of benefits. For many women who have worked, their own entitlement currently is less than they would receive as a spouse. For these women, their contributions to Social Security are "lost" since they receive the larger of the two amounts, but cannot receive both. This occurs because of men's historically higher earning levels and patterns of women's withdrawal from the labor force during the childbearing and childrearing years (Task Force, 1983, p. 70).

A second problem is that two couples enjoying the same total level of earnings will tend not to receive similar Social Security benefits if one couple involves a single earner while the other involves two. This was illustrated by a representative of the National Organization for Women (NOW) in testimony presented to the Task Force on Social Security and Women of the House Select Committee on Aging (Task Force, 1983, p. 88):

> In a two-earner couple in which each spouse had average indexed earnings of $6,000 per year, each earner would receive an annual Social Security benefit of $3,173, a combined benefit of $6,346. A one-earner couple with average indexed earnings of $12,000 yearly would get an annual benefit of $7,630, 20.2 percent more than the two-earner counterpart.

This same example can be extended to consider the situation of the surviving spouse after one spouse's death. The current system is a joint and two-thirds annuity system. That is, at the death of one spouse, the survivor continues to receive two-thirds of the couple's benefits.

In addition to the one-earner--two-earner contrast, other concerns highlight the treatment of divorced spouses, the situation of younger, widowed women, and disability benefits, particularly for homemakers. Under the current system, a divorced wife is entitled to a spouse benefit only if the marriage lasted ten or more years. If so qualified, the divorced wife would be eligible for the benefit, amounting to half of the husband's benefit, beginning at age 62 (Task Force, 1983, pp. 70 and 134).

For women widowed at a relatively young age, those nondisabled, under age 60 are not entitled to benefits unless they care for a child. This is known as the "widow's gap," and it can be a source of severe hardship for a woman who has devoted a substantial amount of her married life to her family. With respect to disability, under the current system, disability is defined in terms of the capacity for gainful employment, and homemakers who have not recently been in the labor force are not covered (Task Force, 1983, p. 131).

Approaches to the Issues

The plight of each of these specific female beneficiary groups has been the focus of extended study and debate over the past decade, from the submission of the report "Social Security and the Changing Roles of Men and Women" (submitted to the Congress pursuant to P.L.95-216, the Social Security Amendments of 1977), to the creation of the Task Force on Social Security and Women of the House Select Committee on Aging. Several pieces of legislation have been introduced under the general rubric "earnings sharing" to deal with the concerns expressed about the treatment of women. Put simply, earnings sharing would combine earnings of a husband and wife during the period of their marriage and divide them equally for Social Security benefit purposes. "Inheritance" features would credit a surviving spouse with the total amount of the couple's earnings creditable for Social Security purposes for each year of marriage. Some proposals would permit benefits to accrue to the account of each spouse during the period of the marriage and would divide these benefits equally in the event of divorce. Disability coverage could be provided for all homemakers who have paid into the system, regardless of how long they remain part of the paid labor force (Task Force, 1983, p. 157).

Senator Cranston (D-Ca.), sponsor of S. 3, 98th Congress, 1st Session, introduced basic earings sharing legislation as follows:

> Under the basic proposal, in order to compute Social Security benefits, all of the earnings of a married couple would be combined and divided equally between the spouses upon retirement or divorce. Each spouse would have established for himself an individual Social Security account. Earnings acquired before or after marriage would go into this individual account along with whatever share each member acquired during marriage.

H.R. 2742, requiring mandatory earnings sharing, is very similar to the Senate bill, although it incorporates specific hold-harmless provisions:

> The combined earnings of a husband and wife during their marriage would be divided equally between them in order to determine their eligibility and amount of Old Age benefits they receive under Social Security. If the individual and his/her spouse's benefits would be greater without the application of earnings sharing, it shall not apply. This guarantee would remain in effect through 2009. It would not affect children's benefits. A full-scale earnings sharing system will be implemented by 2010 contingent upon periodic Con- gressional assessments.

Other proposed legislation would insure credit splitting at divorce and would guarantee inheritance of earnings credits by surviving spouses or divorced spouses.

Earnings sharing, therefore, is an important approach to dealing with key issues concerning the treatment of women under Social Security, and it has received the support of a wide range of organizations and interest groups. On the other hand, there are concerns for those who either would gain less or might lose important protections by the implementation of one or another form of earnings sharing. As well, there is a general concern for how different population groups-- one-and two-earner families, low income families, widowed or divorced women, older earners, and others-- would be affected by specific plans. For instance, Rep. Ratchford (D-Cn.), stated:

> A woman who works in the home is as entitled to economic security in her later years as the woman who pursues a career outside the home. Homemakers clearly contribute just as much to society.

Similarly, the testimony of the Global Ministries Board says of earnings sharing as proposed in H.R. 2742:

> This concept has been around for much too long without implementation. It has been studied to death. Of all the list of bills being considered by the Task Force, it is the most important and the most difficult to construct so that it does not adversely affect any group.

While there has been much support for the general concept of earnings sharing, the administrative nuances and fiscal implications of such proposals, as well as the categories of Social Security recipients that would be affected, either positively or negatively, have not been examined through systematic, empirically-based analysis.* To this end, Section 343 of P.L. 98-21, the Social Security Amendments of 1983, requires the Secretary of Health and Human Services to:

> ...develop, in consultation with the Senate Committee on Finance and the Committee on Ways and Means of the House of Representatives and the Director of the Congressional Budget Office, proposals for earnings sharing legislation... The report and proposals shall--
>
> (1) take into account, discuss, and analyze the impact of earnings sharing on various categories of Social Security beneficiaries and include recommendations for the implementation of earnings sharing which may be necessary to provide adequate protection for particular classes of beneficiaries;

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*Some of these issues have been examined/analyzed discursively (see Eagle Forum and Burkhauser, for example) but not in a systematic manner.

(2) include specific recommendations with respect to an appropriate and feasible time period or time periods for implementation of such proposals along with recommendations for any transition provisions which may be necessary or appropriate; and

(3) provide cost-impact analyses on each proposal presented.

The study was to be prepared by the Social Security Administration and submitted to the requesting committees by July 1, 1984.

Rationale for the Study to Determine the Concerns of Interest Groups

A diverse collection of interest groups have articulated the interests of many categories of current and future beneficiaries leading to the development of the Congressional mandate of P.L. 98-21 to examine the issues. There was concern on the part of the Social Security Administration, however, that there may be interests that have not been expressed in public testimony. To assure all groups that their concerns were being considered seriously and to deflect any possible criticism that the consideration of earnings sharing reflected agency bias or budgetary constraints, the Social Security Administration sought the assistance of an outside contractor. The contractor's assignment was to provide SSA with an analysis of the concerns of various nongovernmental interest groups regarding the treatment of women under the Social Security program for use in evaluating earnings sharing and other proposals that they, SSA, would analyze.

Research Triangle Institute was selected, through competitive procurement, to assist the Social Security Administration as an objective, third party to help ensure that the debate over earnings sharing would be informed by a wide range of interests. The specific objectives stated in SSA's Request for Proposals were to:

1. determine how interest groups outside the government rank the issues concerning the treatment of women under Social Security in order of importance;

2. determine which issues, if any, are of concern to a broad spectrum of groups and which, if any, are of concern only to groups representing a small part of society or certain special interests;

3. determine what kinds of tradeoffs (revenue increases or benefit modifications) are acceptable to accomplish changes that would resolve the major issues; and

4. determine the range of revenue increases/benefit modifications that would be generally acceptable."

In carrying out these objectives, the contractor was to focus exclusively on identifying as much as possible the wide range of opinion and concerns about the treatment of women under Social Security. The technical details of alternative earnings sharing plans were not to be examined. The information obtained was to be provided directly to SSA for their use in assessing various earnings sharing proposals.

Evolution of the Study Content

The due date for responses to the Request for Proposals was March 15, 1984. The contract was awarded on May 8, 1984. Between March and May, however, there emerged a vocal set of individuals and groups, both public and private, in strong opposition to the contract.

The opposition to the contract centered around several major concerns, including: concern that the interest groups would be asked to comment on specific earnings sharing proposals; concern that the Administration was using the contract to delay completion and submission of its own earnings sharing report as mandated by law; and concern that the contract was unnecessary because the SSA already had substantial amounts of testimony about how interest groups felt on the issues. Formal discussions among SSA officials, representatives of interest groups strongly supporting earnings sharing, and representatives of Congress who had overtly supported earnings sharing were held in early April, 1984, to answer questions about the intent of the SSA in awarding the contract.

As a result of these meetings, and the scheduling of the two studies, one of the first tasks when the contract officially began on May 8 was to review the objectives of the contract. Based on discussion between SSA and RTI, given the reluctance of the interest groups to make judgments that could be interpreted as "pitting one group of women against the other," it was agreed that it would not be feasible to determine the tradeoffs acceptable to public interest groups (revenue increases and benefit modifications), and the range of revenue increase/benefit modifications that would be generally acceptable to the interest groups. Therefore, the study was confined to the first two objectives.

The remainder of this report describes how the project was carried out and how the results of the project address these objectives.

CHAPTER II

RESEARCH STRATEGY

Introduction

Determining the interests and concerns of nongovernmental interest groups regarding the treatment of women under Social Security involved two major activities. First, interest groups were to be identified and selected which, by membership or organizational objectives, represented the interests of women, the aged and retired, children and families, employers, and/or the disabled. From this list of organizations, written statements of current opinion were to be solicited, supplemented by the results of in-depth interviews with representatives of nine major national organizations. The second, parallel, activity was to define the range of issues concerning the treatment of women under Social Security. Together, these two activities provide the framework for analysis of public statements on these issues by the major interest groups.

Materials received from the Social Security Administration, from Congressional documents, and from assistance provided by the project consultant, Dr. Richard Burkhauser of Vanderbilt University, were used to define a preliminary set of Social Security issues affecting women. The material received from SSA included several lists of issues related to the treatment of women under Social Security. The Congressional documents included a 1977 summary of testimony presented to the Subcommittee on Social Security of the House Ways and Means Committee, as well as recent testimony regarding the treatment of women under Social Security. From these sources, a preliminary list of the issues most likely to be mentioned by interest groups regarding the treatment of women under Social Security was developed.

Data collection and analysis methods were chosen in light of the goals and constraints of the study. The constraints of the study were such that only nine interest groups could be interviewed and that the entire study, including all phases of data collection, analysis and report writing, had to be completed within six months. The majority of data was to be obtained from existing documents (e.g., records of testimony, articles, etc.) or from written statements provided specifically for the purposes of the study by interest groups. An analysis of the contents of these statements was carried out to identify major issue areas and to analyze views of different organizations on key issues.

This chapter includes a discussion of content analysis as a technique for analyzing information, selection of organizations for inclusion in the study, selection of documentation, data collection, and data file preparation.

An Overview of Content Analysis

Content analysis has been described as a method of information processing in which communication content (written or verbal) is transformed, through objective and systematic application of categorization rules, into data that can be summarized and compared (Holsti, p. 3). Holsti describes several classes of research problems for which content analysis is appropriate, including studies where data accessibility is a problem and/or the data are limited to documentary evidence. Thus in situations where techniques such as interviews, observation, or written questionnaires are not available, content analysis is an appropriate tool for collecting and analyzing data. Such is the case in this study, where data collection is limited to documentary evidence for all but nine organizations for which detailed interviews could be conducted.

While content analysis may be used in a variety of situations, and for a variety of purposes, it is subject to three requirements: it must be objective, systematic and generalizable (Holsti, pp. 3-5). Objectivity in content analysis requires that each step in the research process be carried out under explicitly formulated rules and procedures that minimize the possibility that the final results reflect the coder's subjective predispositions. Content analysis also must be systematic regarding the inclusion (or exclusion) of certain documents or categories. Finally, the requirement of generalizability implies that the findings must have theoretical relevance.

A characteristic of content analysis particularly appropriate for this study is the ability to use quantitative techniques to analyze written documents. Such quantitative techniques include counting the frequency of specific words or phrases; the juxtaposition of words or phrases against others, known as contingency analysis; the direction a statement or argument takes relative to an issue (valence analysis); and the use of scaling devices to quantify expressions of intensity of comment. Each of these techniques are employed as appropriate to the information obtained.

Selection of Organizations

The intended coverage of the study was the full range of nongovernmental interest groups that reasonably could be expected to be interested in the treatment of women under Social Security. A preliminary list of organizations was identified from the 1984 edition of the Encyclopedia of Associations and from lists of witnesses of recent Congressional testimony and Committee hearings. This list was expanded to include information obtained from the Social Security Administration, and further refined during the course of the study through review of published documents and recommendations by those groups already included and contacted.

Appendix 1 contains the master list of organizations for the study, including those which represent the interests of different groups of women, the aged and retired, major social and ethnic groups, children and families, employers, and other groups with an interest in these issues. Every effort was made to ensure that all relevant organized groups were included, although it is recognized that with the thousands of public interest groups and organizations in the United States today, there is the possibility that some groups with relevant constituencies have not been included. It is doubtful, however, that any omissions are likely to influence the direction of the results, given the wide range of nationally prominent organizations included.

From the initial list of organizations, a subset of nine was selected for in-depth interviews. SSA and RTI chose these nine to be representative of the major constituent interests identified above, having national prominence and overtly covering a range of political views. An interview guide was developed for conducting the interviews. Each of the nine organizations was contacted initially by letter in July to inform them of RTI's intentions and to provide them with a copy of the interview guide. After this initial contact, the organizations were contacted by telephone in order to schedule convenient appointments for the interviews. Interviews with the nine were conducted during July, August, and September. Exhibit 1 provides a list of the organizations selected for the interviews. This list was chosen purposefully and should not be viewed as a representative sample in the statistical sense.

Exhibit 1

Organizations Selected for In-depth Interview

American Federation of Labor/Congress of Industrial Organizations

American Association of Retired Persons

Eagle Forum

National Association of Negro Business and Professional Women's Clubs

National Council of La Raza

National Organization for Women

National Urban League

Older Women's League

U.S. Chamber of Commerce

Selection of Documents

Information collected from the nine groups interviewed provides valuable insight into the interests and concerns of those major groups. For this study to have broader significance, however, the information base was expanded to include public and published statements made by nongovernmental interest groups on the treatment of women under Social Security. These statements, hereafter called "documents," were of two types: existing documents describing the concerns of organizations, i.e., published material; and original documents obtained from organizations in response to a request for opinion posted by Research Triangle Institute in the Commerce Business Daily, i.e., public material. (The request for opinion was open to any organization wishing to respond, as well as being distributed to organizations on the list developed and described above.)

Existing Published Material

A document was eligible for inclusion in the study, regardless of length, if it met the following criteria:

1. it must describe the interests or concerns of a national organization, and therefore, the statements must have been made by a representative of a national organization;
2. it must be reasonably current; only statements made after January, 1977, were eligible; and
3. it must refer to the treatment of women under Social Security.

Such documents included testimony before Congressional committees, statements made in speeches as reported by the press, and statements referred to in organizational newsletters, position papers and the like.

Data collection consisted of concerted efforts to find all documents which met the criteria described above. First, for existing documents, online information services were used to provide literature searches. "Magazine Index" was used to search for any articles indexed under the keywords "women" and "Social Security". The magazine index provides coverage of over 370 popular magazines published in the United States and Canada and all of those indexed by the Reader's Guide to Periodical Literature. The search produced 26 citations.

The online PAIS International Index was also utilized to search (from 1976 to the present) for articles indexed under the keywords "women" and "Social Security". The PAIS International Index records citations on publications related to the social sciences. More than 1,200 journals and 8,000 monographs are indexed per year. This search produced 25 citations.

In addition to online services which search indexes of publications, queries were made through online services which contain the full text of publications in the database. The NEXIS database contains the full text of major newspapers, wire services and magazines. The first query was for all articles in the Washington Post containing the keywords "women" and "Social Security;" the result was hundreds of articles. A summary review of the articles revealed that very few related to the treatment of women under Social Security, but rather were more general. In order to bound the possible number of articles identified through the NEXIS search, the keyword was changed to "earnings sharing". It was felt that this keyword would find articles with the most detailed coverage of the subject of women and Social Security. Among the newspapers, magazines, wire services, and newsletters searched were:

The Washington Post
Business Week
Congressional Quarterly
Dun's Business Month
Industry Week
The National Journal
Newsweek
The New York Times
The Christian Science Monitor
Fortune
U.S. News and World Report
Economic Week
UPI Wire Service
Wharton Economic News

The NEXIS search identified articles which were useful for explaining or understanding the issues, but most were summary stories of the testimony given before Congressional committee and as such did not contain any direct statements from spokespersons from national interest groups. The articles reviewed, however, did help ensure complete coverage of all relevant testimony. Organizations' views on earnings sharing generally do not appear to have been reported in the press.

In addition to the above searches, the Social Security Administration's library contained a listing of all testimony before House and Senate Committees which included a reference to earnings sharing. All hearings and reports on the listing were checked to determine whether the testimony was relevant to the more general issue of the treatment of women under Social Security.

In sum, the online services and indexes identified the pool of eligible documents for subsequent review.

Solicited Public Material

Relying either on information about those who already have provided public testimony or on published statements on the treatment of women under Social Security could introduce an element of bias into the analyses. For example, only organizations with public relations capabilities may be represented. For this reason, the study called for preparing a public announcement inviting interest groups to state their opinions on the treatment of women under Social Security. Given project time and resources, several specific avenues of public request were considered and rejected. Major newsmagazines and newspapers were deemed to be not cost-effective, likely resulting in much individual response rather than response at an organizational level. The most appropriate vehicle for such an announcement, an invitation to comment, would have been the Federal Register. However, while the Federal Register has the advantage of reaching most public interest groups that have interests in government activities, it is limited to use by governmental agencies. RTI could have posted such an announcement only under the submission of the Social Security Administration and the Department of Health and Human Services. Since the goal of the study was to maintain an objective, third party stance, an overt request for opinion from SSA was deemed inappropriate, and the Federal Register was not used to announce the information request.

Therefore, an announcement was posted in the Commerce Business Daily (CBD), a federally supported publication that includes announcements of government procurements, contracts awarded, and special notices. A copy of this notice, which appeared in the June 20, 1984 issue appears as Exhibit 2.

Recognizing that many organizations may not subscribe to or routinely read the Commerce Business Daily, RTI also mailed letters to the leadership of each organization included on the master list, calling their attention to the Special Notice and enclosing a copy of the notice.* If the letter was returned with a notice from the U.S. Postal Service that the organization had moved, an attempt was made to obtain the correct address and remail the letter. A second, reminder letter, was mailed four weeks following the first mailing to nonrespondents and included an indication of an extended time to respond. [It is worth noting that one response was received from an organization not on the mailing list—a group of widows from a church in New Jersey. This is of interest because criticisms had been raised by some targeted organizations that public interest groups did not read the Commerce Business Daily.]

The existing documents identified and selected through the searches and all the original responses received to the CBD notice were entered into data files to be used for the content analysis. These data files are described in the next section.

Data Files

The content of each document was coded into four separate files for the analysis as described below. To determine the specific variables to include in each file, the appropriate recording and context units for analysis were determined. A recording unit is the "specific segment of content that is characterized by placing it in a given category" (Holsti, p. 116). One of five units—a single word or symbol, a character, a theme, a sentence or a paragraph can be used. The recording units used here vary from file to file and include single keywords, phrases and themes.

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*The research team was prohibited from directly questioning more than nine organizations by the Paperwork Reduction Act of 1980 (47 CFR 39515) but it was well within the regulations to elicit voluntary comments on a key set of issues not posed as questions.

Exhibit 2

[illegible]

Dept of Transportation, Federal Hwy Admin, Office of Contracts and Procurement, Attn MR RL Stanley HCP-20, 202 755 9370, 400 Seventh St SW Rm 4410, Washington DC 20590

FHWA R&D PROGRAM FOR FY85 [illegible] when they are issued. [illegible]

Small and Disadvantaged Business Utilization Officer, Attn ESD BC, Mr Alan M Hart, Hanscom AFB, MA 01731

ION IMPLANTATION SYSTEM [illegible]

Deputy for Contracting, Research & Development, Contracts Directorate, Hanscom AFB, MA 01731

RESEARCH IN SUPPORT OF AIR FORCE SPACE PLASMA EXPERIMENTS [illegible]

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE $300

[illegible]

FIRST CLASS MAIL

[illegible] days from publication of this notice. See note 44. [illegible]

Directorate for Procurement, U.S. Army Natick Research and Development Center, Natick MA, Attn Victoria Tangherlini 617 651-4995

DEVELOP EYEWEAR THAT PROVIDES BALLISTIC EYE PROTECTION [illegible] This is not an RFP. [illegible] See notes 11 and 68. [illegible]

DESIGN AND DEVELOP A THERMOELECTRIC WATER COOLER AND HEATER FOR USE IN MILITARY VEHICLES [illegible] Firms should indicate the average number of persons employed, both full-time and part-time for the preceding 12 months. Funds are not presently available. This is not a RFP. [illegible]

SPECIAL NOTICES

LONG RANGE PRODUCTION FORECAST The Sacramento Air Logistics Center has [illegible] 31 Dec 1983 [illegible] Disadvantaged Business Utilization Office [illegible]

TREATMENT OF WOMEN UNDER THE SSS The Research Triangle Institute (RTI), a not-for-profit [illegible] working under contract to the Social Security Administration [illegible] non-governmental groups or organizations or [illegible] be addressed concerning the treatment of women under the Social Security system and (2) [illegible] of changes in the system needed to [illegible] statements and previously prepared position papers are needed. This is not a request for proposals. Groups wishing to respond should submit [illegible] information describing the organization by 15 Jul 1984 to Sally [illegible] RTI, PO Box 12194, Research Triangle Park, NC 27709 (919) 541-6339.

SURPLUS PROPERTY SALES

U.S. Senate Computer Center, 400 N Capitol St NW, G-Level, Washington, DC 20510, Attn D Hyde, 202/224-2640

SYNCHRONOUS COMPUTER TERMINALS [illegible]

GSA, Business Service Center, 819 Taylor St, Fort Worth, TX 76102, 817 334-3281

REAL PROPERTY [illegible] acres of land—Auction sale—Bid GSA [illegible]

McDonnell Douglas Corp, PO Box 516, St Louis, MO 63166, [illegible] 314/232-2510

MISC MACHINE TOOLS, FACILITY EQUIP, F-4, F-15 AND F-18 AIRCRAFT SPARES, COMPONENTS AND SPECIAL TEST EQUIPMENT [illegible]

Description of Legend

[illegible]

NUMBERED NOTES [illegible]

JULIAN DATE—EE (000) The number in parentheses is the Julian date indicating when this item was edited. It is not part of the synopsis.

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EDITORIAL RESPONSIBILITY

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The context unit of analysis is the largest body of information that may be searched in order to characterize a recording unit. Typically, it is an article, book or short story; here it is the document. The advantage of the document as the context unit is that it facilitates reconciliation among statements from the same organization that may appear to be contradictory. In the case where there are contradictory statements, further analysis may reveal that the cause of the differences reflects important differences, such as different dates of the documents or different intended audiences. In addition, a document represents a clearly identifiable context unit. Documents can be aggregated to include all of those representing a single organization through the use of an identification number which includes reference to the organization that authored the document. This same identification system also permits the comparison of files across organizations.

Developing data files based on the document as the context unit and key words, phrases and themes as recording units organizes a great deal of information in a systematic and consistent manner. It provides a basis for comparing characteristics of organizations, concerns of organizations and their recommendations regarding the treatment of women under Social Security. A description of each of the data files and the purpose for each follows.

The Document Identification File

The document identification file describes the document in terms of its physical characteristics and context. This file includes the document identifier, the date and location the document was published, its title, the author(s), its length in paragraphs, the type of document (e.g., testimony, article), the number of paragraphs specifically on the treatment of women under Social Security, the audience to which the document is/was directed, and whether the document was received in response to the CBD notice. In most cases, these are immediately evident. A coding manual was developed to permit standardized recording of responses by coders thoroughly versed in the substantive issues concerning women and Social Security. There were a limited number of choices given to the coders with respect to the type of document and the audience. Most often the type of document was Congressional testimony or material received in response to the CBD notice. Included among choices for audience were each of the major committees dealing with Social Security legislation, the organization's membership, and RTI.

The document identification file also included one qualitative measure of the document. After reading and coding the most manifest characteristics of the document as well as studying the organization's statement of its position regarding the treatment of women under Social Security, the overall quality of the document was judged. These ratings ranged from "general"—indicating that only very general statements were made, that no specific concerns or recommendations were provided, and that there was no evidence that the author had more than a rough knowledge of Social Security issues—to "in-depth," indicating that specific concerns were articulated and concrete recommendations were made on the basis of clearly presented and well-supported data. Such a qualitative measure offers another insight into a document from the perspective of experienced coders who have read a great many such documents.

The Concerns File

The concerns file is the information base that considers specific issues with respect to a set of potential Social Security beneficiaries (e.g., widows, the disabled, employed women or homemakers). Recall that in the introduction to this chapter, it was stated that the key issues underlying the treatment of women under Social Security were identified to provide the framework for the analysis. These issues constitute the basis for identifying an organization's concerns relative to a concerns category.

The recording unit for the concerns file was the theme, since the thematic approach best captured the data relating to the complex concerns of organizations. The complexity of the issues makes using the keyword approach to recording concerns insufficient since the keyword cannot reflect the detail needed to describe and differentiate among a range of concerns.

One of the difficulties with using the theme as the recording unit is that the boundaries of the theme may not appear fixed. Accurate content analysis involves coding data into carefully defined categories. Concerns were coded based on statements reflecting Social Security policies or perceptions of policies. This assures that categories of concerns are well-defined because Social Security policies are explicit with respect to eligibility requirements and amount of benefits for specific categories of recipients.

The list of concerns initially established is shown (by beneficiary group) in Exhibit 3. For example, with respect to the treatment of widows under Social Security, three "policy-type" themes recurred often--treatment of widows under age 60; the situation of young widows without children; the effects of remarriage on benefits; and the issue of claiming benefits before the age of 65. Since some of these concerns reflected the point in time the comment was made, these concerns may have been dealt with in subsequent changes in the system. Therefore, the date of the comment was noted, and comments analyzed accordingly. The concerns shown in Exhibit 3 thus contain the broader issues and indications of any changes that may have been made.

Two coders, substantively versed in the issues, needed to be able to identify which specific Social Security policies were of concern to the organization. If the concern of the organization was stated so generally that it could not be related to a specific Social Security policy, it was coded under the more general concepts files described in the next section. In this way, the information content of the document was not lost, but the required specificity of the concerns file also was preserved.

The coding of concerns included not only the subject of the concern, i.e., the related specific current Social Security policy, but also the

Exhibit 3

Possible Concerns of Nongovernmental Interest Groups Regarding Issues Within the Social Security System

Two Earner Couples (Includes couples where one person has left the work force to take care of dependents.)

101 The dual entitlement provision: the benefit that a person receives as a dependent cannot be added to the benefit he or she would receive as a worker. The "spouse's" benefit is often greater than the "worker's" benefit.

102 Homemakers are ineligible for disability if they have been out of the work force for more than five years.

103 A woman may not be eligible for Medicare if her husband is not a beneficiary, but with her own earnings record she will become eligible at age 65 regardless of the status or age of her husband.

> ("If you are not automatically eligible for Medicare on the basis of your past employment or self-employment, you can still qualify for coverage at age 65, but you will have to pay for coverage under both Part A and Part B." (Papke and Zminda, 1984, p. 163).)

104 A wife is not eligible for a spouse's benefit at retirement age unless the husband is eligible to receive benefits.

> ("No retirement benefits until your spouse retires, even if you're 65." (Papke and Zminda, 1984, p. 29).)

One Earner Couples (Refers to couples where one person is a lifelong homemaker and the other person works outside the home.)

201 Lifelong homemakers receipt of benefits is based on the earnings record of the spouse.

202 A wife is not eligible for a spouse's benefit at retirement age unless the husband has retired.

203 Homemakers who become disabled are not entitled to benefits even though the services they perform are lost to their families.

204 The family of a homemaker who dies receives no benefits.

Exhibit 3 (Continued)

Disabled

301 Recency of work test for disability: a worker is eligible for disability benefits if she worked five of the past ten years at the onset of disability.

302 Widowed or divorced homemakers who become disabled do not have disability protection.

303 Children of disabled homemakers do not receive benefits.

Widowed

401 Widows under age 60 cannot receive surviving spouse benefits. There is no transition benefit for younger widows, (without children), between the death of a spouse and her preparation for the job market.

> ("A non-disabled widow below age 60 with no children under age 16 is not entitled to Social Security benefits. The period before age 60 is known as the 'widow's gap.'" (U.S. Government Printing Office, 1983, p. 52).)

402 Marriage or remarriage of an individual entitled to widow(er)'s benefits terminates the individuals entitlement to those benefits.

> (Concern mentioned often by nongovernmental interest groups. Policy changed by enactment of Social Security Amendments of 1983; New Legislation: "Continue benefits to disabled widows ages 50-59, disabled divorced widows ages 50-59, and divorced widows age 60 and over who remarry." (U.S. Government Printing Office, 1983, p. 51).)

403 Widows who choose to accept benefits before age 65 receive an actuarially reduced benefit throughout the remainder of their lifetime.

> "A widow receives 100% of her deceased husband's benefit," but "if these benefits are claimed before age 65, they are reduced for life." (U.S. Government Printing Office, p. 54.)

Exhibit 3 (Continued)

Divorced

501 The duration of marriage requirement for a divorced spouse to qualify for benefits on the other spouse's record is ten years.

502 Divorced women who move between paid employment and work as an unpaid homemaker have gaps in their Social Security coverage.

503 Even when a divorced spouse qualifies for a spouse's benefit, the amount is low. It was intended to supplement a worker's benefit rather than support a person alone. The allocation of benefits rights for a divorced couple is 50% for the worker and 50% for the spouse.

504 The divorced woman must wait until her former husband retires or dies in order to receive benefits on his Social Security record.

(Concern mentioned frequently by nongovernmental interest groups. Policy changed by enactment of Social Security Amendments of 1983 (H.R. 1900), New Legislation: Allow a divorced spouse to collect her retirement benefit at age 62 even if her ex-husband has not claimed his. (U.S. Government Printing Office, 1983, p. 51).)

Working Women

601 Women who work generally get lower benefits than men because women's wages are, on the average, much lower than men's wages.

602 Women who leave the labor force because of childrearing responsibilities have those years counted as zero in computing their average lifetime earnings for Social Security purposes.

(Many nongovernmental interest groups referred to this as "dropout years being counted as zero." "Five years of zero or lowest earnings are dropped in averaging worker's annual earnings. For each year over five that a woman stays out of the labor force for homemaking responsibilities, a zero is averaged into her earnings record, reducing her Social Security benefit." (U.S. Government Printing Office, 1983, p. 52).)

Exhibit 3 (Continued)

Working Women (continued)

603 Married women who work outside the home are often still treated as dependents in receipt of Social Security benefits.

> ("The income on which Social Security taxes is paid is income available to the family, yet to Social Security it belongs only to the individual. The result is that the system regards women with low lifetime earnings as dependents of their husbands, with no credit for any contributions to Social Security they may have made." (U.S. Government Printing Office, 1983, p. 88).)

Treatment of Groups

701 Comparison of retirement benefits received by couples in different circumstances: under present law, a couple composed of two retired workers can receive lower total benefits than a couple with the same average lifetime earnings credits all earned by one spouse.

702 Comparison of survivors' benefits received under different circumstances: under present law, a surviving spouse's benefit can be lower for two-earner couples than one-earner with the same average lifetime earnings credits.

703 The relative treatment of single workers vis-a-vis one earner couples.

> ("The single worker's contributions to Social Security insure benefit protection for themselves only, while a married person receives greater protection because benefits are payable to dependents as well." (U.S. Government Printing Office, 1979, p. 265).)

"attitude" expressed toward that policy in the document, rated according to the following intensity codes:

1. the statement was in strong support of present policy and there was a recommendation to maintain the present policy;
2. the statement was in support of present policy but specific reasons to maintain present policy were not given;
3. the Social Security policy was simply stated or referred to, neither pro nor con;
4. the Social Security policy was described as problematic and in need of revision but a specific recommendation for change was not given; and
5. the Social Security policy was described as problematic and in need of revision and a specific recommendation for change was given.

The actual procedure for coding concerns included an initial review of the document to obtain an overall impression and then a complete rereading, at which time concerns were coded according to the appropriate beneficiary groups, using a prepared coding form developed out of the list of issues. As a coder recognized that the author was referring to a specific issue, the coder would check off that issue on the coding form. The coding form simply lists each issue relevant to the treatment of women under Social Security. If the author supported the present Social Security policy, the coder would determine whether or not a specific recommendation to maintain present policy was made. Depending upon the presence or absence of a recommendation, the coder would assign either a code one or two as listed above. Similarly, if the statement indicated that the author did not support current policy, a decision would be made on the presence or absence of a recommendation for change, and a code 4 or 5 would be assigned.

The preliminary list of issues described above in the introduction was revised based on further review; a pretest on a small sample of documents was conducted; and a final version of the coding form was developed as shown in Exhibit 3. Despite the care with which the potential list of concerns was developed, additional issues still did arise and these were added upon consultation and agreement among the members of the coding team.

The Concepts File

As described above, if a concern or specific Social Security policy issue was not determinable, but the organization clearly did have a statement or observation on an issue, it was coded as a "concept" rather than as a concern. These concepts may be general statements about adequacy of benefits, for example, or general statements about the increasing labor force participation of women and the feminization of poverty. Exhibit 4 contains a list of the concepts included. Again using the thematic

Exhibit 4

General Concepts Likely to be Mentioned by Nongovernmental Interest Groups

801 The idea that a couple needs less than twice as much income as a single person to maintain a standard of living.

802 Women's sporadic work records due to time out of the work force to take care of dependents.

803 Increasing divorce rate.

804 Increasing remarriage rate.

805 Inadequacy of benefits for aged widows.

806 Inadequacy of benefits for divorced women.

807 Inadequacy of benefits for younger, disabled widows.

808 The difficulty of implementing financial changes in a program as complex as the Social Security System.

809 Historically strong protection under Social Security of the primary wage earner.

810 The Equal Rights Amendment.

811 The feminization of poverty.

812 The stigma of dependency: wife receives benefits as the dependent of the husband.

813 The rapidly aging U.S. population.

814 The increasing labor force participation of women.

815 The contribution of the non-working spouse to the marriage or the economic value of homemaking.

816 Marriage as an economic partnership.

817 Benefits are paid based on family income.

818 The equitable treatment of men and women under the Social Security system. The inequitable treatment of women.

Exhibit 4 (Continued)

819 Wage and job discrimination against women in the workplace and consequently in the level of retirement benefits.

820 Earnings test--sets a limit on the amount one can earn without losing any retirement benefits.

821 Problems with implementing changes in the Social Security system.

822 Many elderly women depend on Social Security as their only means of support. Economic problems of the elderly or aged woman.

896 Women live longer than men.

897 The role of women in society has changed dramatically since implementation of the Social Security Amendments of 1939.

898 Women's problems under the Social Security system are compounded for minority women.

approach, the list of concepts aids in providing a perspective on the organizations (documents) studied.

Recommendations File

The last data set developed was the recommendations file. As described above, the concerns of organizations were coded with a five level "intensity" code that reflected whether or not the organization provided a specific recommendation for dealing with the concerns they had raised. If a recommendation was indicated by the coding of a five, that recommendation was cross-referenced to the recommendations file. In some cases the document stated recommendations without listing specific concerns. The list of recommendations was subject to the same developmental process as those in the concerns and concepts files. The recommendations categories are shown in Exhibit 5. Exhibit 6 provides a summary illustration of the four files and how information was coded into them.

Analysis Software and Procedures

The information collected about each nongovernmental interest group was entered into the files described above using the dBASEIII* software for microcomputers. This software is a cost-effective means for performing the content analysis of the public and published statements. dBASEIII permits the user to search, sort and otherwise organize the data by a number of keywords or themes for different analyses.

After the coding procedure described above was completed for each document, the coding sheets were reviewed for completeness and keyed into the dBASEIII file. The coding form was created using dBASEIII, so data entry was simply a matter of translating the information contained on the completed coding form directly to the form displayed on the microcomputer screen. The data entered were edited and corrected, if necessary, by manual inspection and rekeying of specific data elements.

Analysis of the files employed three procedures. First, dBASEIII was used to sort and classify the data to provide the descriptive character- istics of the data described in the next section. Second, another microcomputer software package for use on the IBM PC, SLMicro,** was used to cross-tabulate the interests and concerns of nongovernmental interest groups regarding the treatment of women under Social Security. Finally, Lotus 1-2-3*** was used for visual display of the results in graph form.

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*dBASEIII is a registered trademark of Ashton-Tate.

**SLMicro is a trademark of Questionnaire Service Company.

***Lotus 1-2-3 is a trademark of Lotus Development Corporation.

Exhibit 5

Possible Recommendations

Earnings Sharing

901 Earnings credits should be inherited by the spouse.

902 Earnings should be shared equally between spouses.

903 Earnings sharing with saving clause for certain categories of beneficiaries.

904 Earnings sharing but nobody should have reduced benefits; no loser; "hold-harmless" benefit.

905 Support for an earnings sharing plan in general, details not specified.

Homemakers Credits and Benefits

920 Provide accrued credits for OASDI to the full-time homemaker for each year she is married and for every marriage.

921 Provide disability coverage for women during homemaker years and coverage for survivors in case of death.

922 Assign earnings records to homemakers caring for dependent children or those who work less than one-quarter time outside the home.

923 Calculate a salary for full-time homemakers at the minimum wage.

924 Exclude childrearing years from computation of the average monthly earnings.

925 Increase the number of permissable years out of the workforce in the benefit computation.

Widows' Benefits

930 Surviving spouses should inherit earnings credits.

931 Earnings credits should be inherited by surviving divorced spouses.

932 Give transition benefits to disabled widows under 60.

Exhibit 5 (Continued)

Widows' Benefits (continued)

933 Remove age 50 requirement for widows' benefits.

934 Benefits should continue for surviving spouses who remarry.

935 Survivor benefits should be indexed to the increase in wages from the time the worker dies to the time the survivor is eligible to the benefit.

936 The benefit rate should be increased for disabled widows and widowers age 50-59.

Divorced People

940 Reduce the duration of marriage requirement to five years.

941 Establish benefit rights for divorcees based on the duration of the marriage.

942 Credit splitting at divorce.

Other

950 Provide for optional computation of benefits based on the combined earnings of a married couple.

951 Keep the Social Security system as it is.

952 Gradually increase the age limit for initial eligibility for full benefits.

953 Gradually reduce the initial payment levels for future beneficiaries.

954 Automatically modify Cost of Living Adjustment (COLA) if the trust fund ratios fall below a certain level.

955 Taxation of Benefits--Many recommendations by nongovernmental groups based on policy that Social Security benefits were not subject to taxation. (Policy changed by enactment of Social Security Amendments of 1983, New Legislation: "Tax Social Security benefits for recipients whose total income plus ½ of their Social Security benefits exceeds $25,000 for an individual and $32,000 for a married couple filing jointly." (U.S. Government Printing Office, 1983, p. 53).)

Exhibit 5 (Continued)

Other (continued)

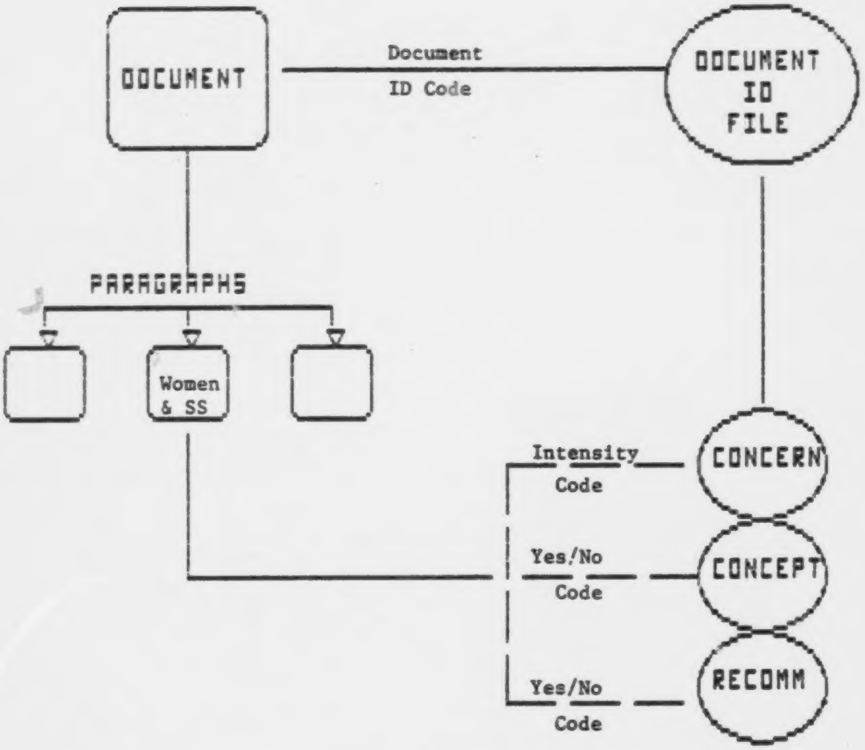
956 Reinstate the minimum Social Security benefit.

957 Universal Social Security System--"The proposal to extend mandatory Social Security coverage to all civilian employees would benefit women." (U.S. Government Printing Office, 1983.) (Policy changed by enactment of Social Security Amendments of 1983 (H.R. 1900), New Legislation: "Mandatory Social Security coverage to newly hired federal employees and employees of non-profit organizations." (U.S. Government Printing Office, 1983, p. 53.)

958 COLAs--Added to list after several groups mentioned recommendations on COLAs; i.e., "Because of the large numbers of women receiving Social Security benefits, and their far greater dependency on such benefits than men, this recommendation will impact more disproportionately on women than any other of the Commission's recommendations ... a 3-month delay would be far more acceptable than a 6-month delay." (U.S. Government Printing Office, 1983.) (Policy changed by enactment of Social Security Amendments of 1983 (H.R. 1900), New Legislation: "Delay the COLA from June 1983 to January 1984. (U.S. Government Printing Office, 1983, p. 53).)

Exhibit 6

Illustration of Coding and Data Files


DOCUMENT
Document
ID Code
DOCUMENT ID FILE
PARAGRAPHS
Women & SS
Intensity
Code
CONCERN
Yes/No
Code
CONCEPT
Yes/No
Code
RECOMM

7

CHAPTER III

RESULTS

Overview of Presentation

The data collected about the concerns of nongovernmental interest groups are of three types—(1) data presented in previously existing published statements; (2) data obtained in response to RTI's request for opinion announced in the Commerce Business Daily; and (3) the information obtained through interviews with representatives of nine nationally prominent interest groups. The results of the analysis of these three sets of information are presented separately in the sections that follow. The published statements, primarily Congressional testimony, are valuable for analysis in themselves, and provide the historical context for the data provided to RTI, as well as a backdrop for interpreting the comments of those interviewed.

Published Statements

There have been numerous opportunities for nongovernmental interest groups to make their opinions known, directly before Congressional Committees, or through involvement with commissions and councils formed for the purpose of examining the issues. The 1979 Advisory Council on Social Security, the 1980 National Commission on Social Security, and the 1983 National Commission on Social Security Reform are examples. Reports of these Committees, councils and commissions include extensive lists of organizations that provided testimony. However, there does not appear to have been an attempt to synthesize organizations' comments in such a way as to deal with the issues of adequacy and equity and benefit levels for all categories of current and future women beneficiaries.

Sixty-nine organizations have testified with respect to Social Security issues related to the treatment of women. A total of 6,100 paragraphs were reviewed from 116 articles, 42 percent (2,559) directly relating to Social Security and women's issues. Four percent of the total written testimony (249 paragraphs) was provided by the Women's Equity Action League, and the Older Women's League, respectively. Table 1 lists the most frequently appearing organizations and the percentage of total testimony offered by representatives of these organizations.

Table 1

Organizations Most Frequently Cited in Documentation

	Percent
Women's Equity Action League	4.1
Older Women's League	4.1
National Organization for Women	2.0
United Church of Christ	1.9
National Women's Party	1.8
Women's Legal Defense Fund	1.8
Center for Women's Policy Studies	1.5
National Commission on Working Women	1.5
Total	18.7

The results of the content analysis of existing documents are presented in the remainder of the discussion. Concerns of interest groups contained in the published statements are categorized into six major sets and associated subsets pertaining to:

1. two-earner couples;
2. one-earner couples;
3. disabled women;
4. widows;
5. divorced; and
6. working women.*

These constitute the major Social Security "beneficiary groups" of interest. A seventh set deals with the comparative treatment of one-earner and two-earner couples.

Comments about the beneficiary groups are presented in terms of the primary constituency of the organization. The primary source of information about organizations was the 1984 edition of the Encyclopedia of Associations. For organizations listed, a short description provided information on constituents. Organizations not listed were evaluated by the name of the organization and statements made in the testimony or letter to assign a constitutency category. Because many of the organizations involved could be classified as women's groups at least secondarily, the primary category, for example minority, was used for a minority women's group. Figure 1 provides a summary of the distribution of organizations by constituent group contained in the database.

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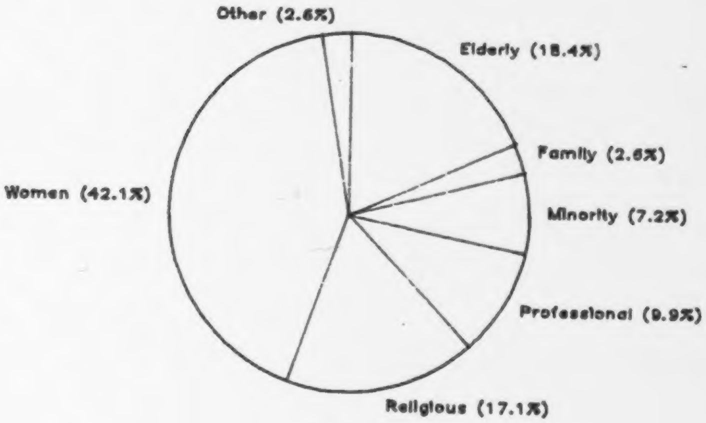
*The term "working women" is used to refer to women employed outside the home, as distinguished from women who are homemakers, recognizing that these women also work.

Figure 1
Distribution of Organizations
by Constituent Group



As noted in Chapter II, the recording unit is the article, statement or testimony. If one individual was commenting on behalf of several organizations, that comment was noted for each organization. The numbers reported in the tables refer to the total number of times a concern was specified. For example, Table 2 provides summary counts of the number of times a beneficiary group, e.g., working women, was mentioned (110). This is disaggregated by the constituency membership of the organization. Of the 110 times working women were identified as a concern (in the 116 documents), in 60 instances these comments were made by organizations whose constituents were primarily women. Of that 60, the concern may have expressed by an organization more than once.

As can be seen from Table 2, the most frequently mentioned Social Security beneficiary groups are, in order of frequency of occurrence: (1) working women; (2) divorced women; (3) widows; (4) disabled women; (5) two-earner couples; and (6) one-earner couples.

Table 2

Distribution of Stated Concerns Arrayed by Constituency Group of Commenting Organization

	Concern/Beneficiary Group					
Constituency	Working Women	Divorced	Widows	Disabled	Two-Earner Couples	One-Earner Couples
	N	N	N	N	N	N
Women	60	68	45	27	26	16
Elderly	11	4	12	9	5	0
Religious	14	10	9	12	10	6
Professional	4	2	3	3	3	0
Minority	15	14	15	5	1	0
Family	3	4	3	1	0	0
Other	3	1	0	2	1	0
Total	110	103	87	59	46	22

The following sections, and Tables 3-7 disaggregate these concerns for Social Security beneficiary groups into the more specific issues, starting with concerns for working women.

Specific Concerns

Working Women

As would be expected, interest groups representing primarily women expressed over half of the statements dealing with issues related to working women, as shown in Table 3. The major policy concern was that women who need to leave or stay out of the workforce because of child-rearing responsibilities have those years counted as zero in computing their average lifetime earnings for Social Security purposes. While it is perhaps not surprising that organizations representing families did not often state a concern with working women, it was unexpected that professional groups infrequently mentioned working women's concerns. Over half of the statements made about working women were that women who work generally get lower benefits than men because women's wages are, on the average, much lower than men's wages. This is a societal issue that becomes a Social Security policy concern because benefits are essentially based on wages.

Table 3

Specific Concerns for Working Women by Constituency

	Concern		
Constitutency	Lower Wages, Lower Benefits	Years Out of the Workforce Counted as Zero	Women Treated as Dependents
Women	31	19	10
Elderly	5	6	0
Religious	4	7	3
Professional	2	2	0
Minority	10	5	0
Family	2	1	0
Other	2	1	0
Total	56	41	13

Divorced Women

From Table 4, concerns about divorced recipients, it can be seen that women's groups commented frequently about the duration of marriage requirement to qualify for benefits* and about the fact that the divorced woman must wait until her former husband retires or dies in order to receive benefits based on his Social Security record.** Statements by organizations with minority constituents reflect similar concerns. Virtually no concern was expressed about divorced women who move between paid employment and work as an unpaid homemaker and who therefore have gaps in their Social Security coverage. Nor was much mention made of the policy that if a divorced spouse qualifies for a spouse's benefit, the amount of the benefit is low (50 percent of the husband's benefit).

Table 4

Specific Concerns for Divorced by Constituency

	Concern			
Constituency	10 Year Marriage Requirement	Time Out Years for Divorced	50/50 Split Benefit	Benefit Depends on Ex-Husband's Retirements
Women	31	3	1	33
Elderly	2	0	0	2
Religious	6	0	0	4
Professional	0	0	0	2
Minority	5	0	0	9
Family	1	0	0	3
Other	0	0	0	1
Total	45	3	1	54

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*The Social Security Amendments of 1977 reduced the marriage requirement from 20 to 10 years.

**Most comments were made prior to the Social Security Amendments of 1983 which allow the divorced spouse to collect her benefit at age 62 regardless of her ex-husband's status.

Widows

With respect to concerns about widows, as can be seen from Table 5, the most often cited concern was that remarriage of an individual entitled to widow's benefits terminated the individuals entitlement to those benefits. This issue, identified by women and minority groups, surfaced in statements prior to the Social Security Amendments of 1983 in which the policy was altered so that benefits are not terminated on remarriage. The second most frequently cited concern was that widows under age 60 cannot receive surviving spouse benefits, i.e., the "widow's gap." These comments included, in four instances, statements that there is no transition benefit for younger widows (without dependent children) between the death of a spouse and preparation for the job market; these comments were from organizations representing the elderly. That widows who choose to accept benefits before age 65 receive an actuarially reduced benefit for life also was a concern of groups representing women, the elderly and religious groups.

Table 5

Specific Concerns for Widows by Constituency

	Concern		
Constituency	Widow Under Age 60	Effect of Remarriage	Actuarially Reduced Benefit
Women	17	19	9
Elderly	7	1	4
Religious	1	1	7
Professional	1	2	0
Minority	6	9	0
Family	1	2	0
Other	0	0	0
Total	33	34	20

Disabled Women

Three concerns for the disabled are shown in Table 6. With the interest in the disabled that was shown in Table 2, it is apparent from Table 6 that the primary concern was benefits for disabled widowed or divorced homemakers. Again, women's groups are the most frequent to cite these concerns, followed by groups of religious affiliation, and those representing the elderly and minorities. Less frequently mentioned were concerns related to recency of work requirements or benefits for children of disabled homemakers.

Table 6

Specific Concerns for the Disabled by Constituency

	Concern		
Constituency	Recency of Work	Benefits for Widowed or Divorced	Benefits for Children of Disabled Homemakers
Women	7	13	7
Elderly	4	5	0
Religious	1	8	3
Professional	0	1	2
Minority	0	5	0
Family	0	1	0
Other	1	1	0
Total	13	34	12

Two-earner and One-earner Couples

Dual entitlement was more frequently a stated concern about two-earner couples than was the ineligibility for disability benefits of women who are out of the workforce for more than five years, as can be seen from Table 7. Organizations representing women cited both of these concerns more frequently when referencing two-earner couples. The disabled homemaker and her ineligibility for benefits was also a frequently cited concern for those mentioning one-earner couples. Death benefits for a homemaker were cited only three times. Neither the one-earner nor two-earner couple issues were frequently mentioned concerns of minority groups. The relative treatment of one- and two-earner couples was frequently mentioned by group's representing women.

General Concepts

Concerns that are more general than those previously discussed are presented in Table 8, which we refer to as "concepts." As the table shows, organizations are highly concerned about equitable treatment of men and women and discrimination in the workplace. Other concepts that are predominant issues are women's time out years, feminization of poverty, the increasing participation of women in the labor force, and Social Security as a primary source of support for many elderly. The organizations in this study did not mention couple's needs versus single's needs or the increasing remarriage rates as general concerns.

Table 7

Specific Concerns for Two- and One-Earner Couples by Constituency

	Concern				
	Two-Earner Couple		One-Earner Couple		
Constituency	Dual Entitlement	Homemaker Ineligble for Disability	Homemaker Ineligible for Disability	No Death Benefits for Homemaker	Relative Treatment of One- and Two-Earner Couples
Women	15	11	13	3	22
Elderly	3	2	0	0	5
Religious	6	4	6	0	5
Professional	3	0	0	0	3
Minority	1	0	0	0	1
Family	0	0	0	0	1
Other	1	0	0	0	1
Total	29	17	19	3	38

Table 8

General Concepts Reported

		Number of Times Mentioned
801	Couple Needs Less Than Single	0
802	Women's Time Out Years	59
803	Increasing Divorce Rate	28
804	Increasing Remarriage Rate	0
805	Inadequacy for Aged Widows	29
806	Inadequacy for Divorced Wives	14
807	Inadequacy Young, Disabled Widows	18
808	Complexity of Financial Changes in Social Security System	32
809	Protection of Primary Wage Earner	6
810	ERA	2
811	Feminization of Poverty	46
812.	Stigma of Dependency Concept	18
813	Rapidly Aging U.S. Population	10
814	Increasing Labor Force Participation of Women	40
815	Contribution of Homemaker/Economic Value	24
816	Marriage as Economic Partnership	40
817	Benefits Based on Family Income	17
818	Equitable Treatment of Men and Women	66
819	Discrimination in Workplace	71
820	Earnings Test	2
821	Problem with Implementing Changes in Social Security	15
822	Social Security as Primary Source of Support for Many Elderly	38
896	Women Live Longer	18
897	The Role of Women Has Changed Dramatically	16
898	All Problems of Women Are Only Worse for Minority Women	27

Recommendations Made by Organizations

For each concern noted by an organization, the intensity of concern was measured by the extent to which the organization provided a suggested recommendation to deal with the concern, as was discussed in Chapter II. By far, organizations representing women were the most likely not only to raise an issue but also to provide recommendations to deal with the issue, and by far, the most likely to recommend earnings sharing in general as the preferred solution.

Earnings Sharing

In those instances where earnings sharing was recommended, the various earnings sharing related responses were tabulated as shown in Table 9. The 65 comments referencing earnings sharing supported the idea in principle but did not offer details with respect to specific provisions. On 22 occasions further details were provided, including interest in a "no loser" or "hold-harmless" plan in which earnings sharing would be implemented without reduction in benefits to any recipient group. An equal number recommended the equal sharing of earnings credits between spouses. As was the case with all of the other reported results, the distribution of earnings sharing-type responses is related to the domination of women's groups in the data set. Minority groups and organizations representing the family also favored some form of earnings sharing. That earnings credits should be inherited by the spouse was mentioned once, and only once was there a recommendation against earnings sharing.

Table 9

Specific Recommendations for Earnings Sharing by Constituency

	Recommendation				
Constituency	Some Form of Earnings Sharings in General	Earnings Credits Shared Equally	Earnings Sharing w/o Reduced Benefit	Earnings Credits Inherited	Against Earnings Sharing
Women	39	12	15	1	1
Elderly	5	2	3	0	0
Religious	6	3	2	0	0
Professional	0	4	0	0	0
Minority	10	0	1	0	0
Family	3	0	0	0	0
Other	2	1	2	0	0
Total	65	22	22	1	1

Homemaker Credits

Few groups mentioned specific recommendations for homemaker credits in the Social Security System, as shown in Table 10. Calculating a minimum, wage salary for full-time homemakers on which to base Social Security benefits was mentioned negatively by one professional group. No other groups addressed the issue. Women's groups favorably mentioned homemakers accruing credits for OASDI and also recommended an increase in the number of years a homemaker can take time out of the workforce. Religious groups also favored assigning credits for OASDI to full-time homemakers, as do elderly groups. However, only two elderly groups addressed the overall issue of homemaker credits. Disability coverage for homemakers, assigning earnings records to those caring for dependents, and excluding childrearing years from computation of average monthly earnings each were mentioned only twice by women's groups.

Widow's Benefits

While 31 recommendations dealt with homemakers credits, as can be seen from Table 11, many more recommendations were made concerning widows' benefits. Women's groups, minority groups, and religious groups most often stated recommendations for widows' benefits. Elderly groups recommended twice that the surviving spouse should inherit earnings credits and once each that the surviving divorced spouse should inherit and that benefits should continue for widows who remarry. Religious groups recommended that the surviving spouse should inherit earnings credits and that transition benefits should be provided for widows under 60 years of age. Continuation of benefits for certain beneficiaries after remarriage and indexing survivor benefits to the consumer price index or wages according to the more favorable were the recommendations of minority groups. Family groups made the same two recommendations, though not as often. Indexing survivor benefits to the more favorable of CPI or wages was the recommendation made most often by women's groups, twice as often as any other recommendation. Inheriting earnings credits, continuation of benefits after remarriage and transition benefits for widows under 60 were recommended by women's groups also. The recommendation to entitle all widows to benefits at age 50 was mentioned only by women's groups. No recommendations were made against any of these policies.

Table 10

Recommendations About Homemakers Credits

Constituents	Homemakers Accrue Credit for OASDI	Coverage for Homemakers Years	Assign Earning Record to Homemakers	Minimum Wage Salary for Homemakers	Exclude Childrearing Years	Increase Number of Time-Out Years	Total
Women							
Yes	8	2	2	0	2	7	21
No*	0	0	0	0	0	0	0
Elderly							
Yes	2	0	0	0	0	0	2
No	0	0	0	0	0	0	0
Religious							
Yes	8	0	0	0	0	0	7
No	0	0	0	0	0	0	0
Professional							
Yes	0	0	0	0	0	0	2
No	0	0	0	1	0	0	1
Total							
Yes	17	2	2	0	2	9	32
No	0	0	0	1	0	0	1

*A non-zero "no" response indicates a recommendation not to do so.

Table 11

Recommendations About Widows Benefits

Constituents	Survivor Inherits Earnings Credits	Surviving Divorced Inherit	Transition Benefits to Disabled Widows Under 60	Entitlement at at Age 50 for All Widows	Benefits Continue After Remarriage	Index Survivor Benefits	Increase Benefit Rate for Some Disabled Widows	Total
Women	9	6	7	3	8	19	2	54
Elderly	2	1	0	0	1	0	0	4
Religious	6	0	6	0	0	1	0	13
Professional	1	0	1	0	1	1	1	5
Minority	0	0	1	0	5	9	0	15
Family	0	0	0	0	2	3	1	6
Other	0	0	1	0	0	0	0	1
Total	18	7	16	3	17	33	4	98

Divorced Benefits

In contrast to recommendations on widows' benefits, few groups mentioned recommendations concerning divorced people. Table 12 shows that only once was a reduction in the duration of the marriage requirement recommended and that recommendation was stated by a women's group. Credit splitting at the time of divorce was recommended most often by women's groups but also was mentioned by elderly, religious, and professional groups. There were no statements made against these recommendations.

Table 12

Recommendations About Divorced People

Constituents	Duration of Marriage	Credit Splitting at Divorce	Total
Women	1	12	13
Elderly	0	3	3
Religious	0	1	1
Professional	0	2	2
Other	0	1	1
Total	1	19	20

Other

Table 13 provides a summary of recommendations that did not fall neatly into the previously mentioned categories. Only two recommendations were made to keep the Social Security System as it is and both were stated by women's groups. Elderly and minority groups most often recommended that the retirement age not be increased. Women's groups also were against raising the retirement age. Women's groups did not want a gradual reduction of benefits nor did religious groups, though only two mentioned it. Women's groups and minority groups recommended programs to inform individuals of their potential eligibility for SSI. Women's groups and minority groups also favored increasing incentives for late retirement.

On 16 occasions general revenue funding as a means of financing for Social Security was recommended favorably. Women's groups and elderly groups recommended use of general revenues most often. Religious

Table 18 (Continued)

Organization	Name and Title of Spokesperson(s) Interviewed	Major Constituency	Membership	Prior Public Statements on Treatment of Women Under Social Security
National Organization for Women (NOW)	Mary Jean Collins, Vice President Ms. Diane Dawson	Women	250,000	Yes
National Urban League (NUL)	Dr. Douglas Glasgow, Vice President Washington Operations Ms. Sharon Bingham	Blacks	113 affiliates in 34 states	No
Older Women's League	Ms. Alice Quinlan, Legislative Director	Middle-aged and Older Women	12,000	Yes
U.S. Chamber of Commerce	Mr. Michael Romig, Manager, Pension and Employee Benefits	Business	200,000 business or trade organizations, firms, and state and local groups	No

Table 13

Recommendations About Other Issues

Constituents	Keep Social Security As It Is	Increase Age Limit	Reduce Benefit Level	Modify COLA	Increase Benefits for Late Retirement	Inform Those Eligible for SSI	Use General Revenue Funding	Tax Social Security Benefits	Inclusive Social Security System	COLAs	Restore Minimum Benefit
Women											
Yes	2	0	0	17	8	10	8	10	13	1	6
No	0	11	9	0	0	0	0	5	2	9	3
Elderly											
Yes	0	0	0	0	2	0	4	0	4	0	3
No	0	5	0	0	0	0	0	0	0	5	0
Religious											
Yes	0	0	0	0	1	1	2	1	1	0	0
No	0	1	2	0	0	0	0	2	0	0	0
Professional											
Yes	0	0	0	0	0	0	0	0	1	0	0
No	0	0	0	0	0	0	0	0	1	0	0
Minority											
Yes	0	0	0	9	4	5	1	4	4	0	2
No	0	5	1	0	0	0	0	1	0	5	0
Family											
Yes	0	0	0	2	1	1	0	0	0	0	0
No	0	1	0	0	0	0	0	1	0	0	0
Other											
Yes	0	0	0	0	0	0	1	1	1	0	0
No	0	0	0	0	0	0	0	0	0	0	0
Total											
Yes	2	0	0	30	16	17	16	16	24	1	11
No	0	23	13	0	0	0	0	9	3	19	3

groups, minority groups, and a group in the "other" category were the other groups mentioning general revenue funding. Professional groups did not make recommendations on any of these issues.

Other recommendations made by the representatives of various constituents about revenue generation to finance benefits for women included: (1) "taxing benefits to raise needed revenue for the Fund," (USGPO, 1983) and (2) to "extend mandatory Social Security coverage to all civilian employees" (USGPO, 1983), which is more uniformly referred to as universal coverage. Responses in reference to taxing Social Security benefits varied tremendously depending upon the date of the response. Nine nongovernmental interest groups opposed the idea of taxation in 1979; 16 viewed the idea favorably in 1983. Many groups expressed the opinion that "this recommendation would have very little impact on women living alone or who are the sole support of their families, because of their low incomes, and would have no effect on low-or moderate-income beneficiaries in general" (USGPO, 1983). This could account for the change in attitudes toward taxation of Social Security benefits.*

The majority of women's and minority nongovernmental interest groups recommended against freezing or delaying the cost of living adjustments (COLAs); one of the benefit issues with financial implications. This view was expressed in the Older Women's League statement before the Committee on Ways and Means in 1983:

> "We believe, therefore, that the proposal to postpone the COLA falls very disproportionately on women, especially on those thousands and thousands of women who are near and below the poverty line, who are not eligible for SSI even with increased income disregard proposed by the Commission. While their income remains the same for another six months, their rent, food, utility, and medical bills continue to increase."

Most groups stated that "a three-month delay would be far more acceptable than a six-month delay" (USGPO, 1983).** Groups were also likely to recommend restoring the minimum Social Security benefit; on only three occasions were recommendations made against restoration of the minimum benefit and these were by organizations representing women.

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*The Social Security Amendments of 1983 passed New Legislation which allows taxation of Social Security benefits for recipients whose total income plus ½ of their Social Security benefits exceeds $25,000 for an individual and $32,000 for a married couple filing jointly (USGPO, 1983).

**Nearly all comments from nongovernmental interest groups regarding recommendations with direct financial implications were voiced during 1983. In 1983, several hearings before various Congressional committees were held. From these hearings, the 1983 Social Security Amendments were enacted. As indicated previously, one legislaton dealt specifically with taxation. Also, new legislation was passed which delayed the cost of living adjustment from June 1983 to January 1984 and made mandatory coverage of all newly hired federal and non-profit employees (USGPO, 1983).

Summary

In summary, based upon examining the sources of items described, it was found that:

- minority groups and women's groups are concerned about widowhood, divorced, and working women;
- women's groups are more frequent to make recommendations about their concerns;
- there is a general concern for the adequacy of income for poor elderly widows; and
- few groups even mentioned one-earner couples.

It was unexpected that a major concern of the organizations representing the elderly included the situation of widows under age 60 and young widows without children. And, also unexpected, organizations identified as family groups mentioned the divorced and widows; they did not mention one-earner couples or the relative treatment of one-earner/two-earner couples.

The analysis of previously published statements provides a convenient organization of the concerns (and proposed solutions) by those interest groups articulating opinions. Clearly, the preponderance of women's groups providing statements about the treatment of women under Social Security was anticipated and dominates the findings.

The purpose of the next section is to present the results of efforts to seek additional opinion from these groups and, more importantly, from interest groups not previously expressing opinions.

Responses to Request for Opinion

The Request for Opinion provided in the Commerce Business Daily sought two major items of information:

- the most important issues that should be addressed concerning the treatment of women under the Social Security system; and
- a priority ordering of changes in the system that the respondent organization felt are needed to address these issues.

Thirty-three organizations responded to this request for opinion. (One hundred and sixty-three (163) organizations were sent letters calling attention to the Special Notice in the CBD.) Six of the responses were from organizations that previously had not testified or been represented in the public debate as advocates of any particular social security issue overtly concerning the treatment of women; these six included representatives of the farm community, widowed people, and business and religious organizations. Table 14 shows the distribution of constituent groups represented by the thirty-three responding organizations.

Table 14

Primary Constituent Groups of Responding Organizations

	# of Organizations
Women	11
Elderly	6
Professional	2
Religious	1
Farm	1
Widow	21
Other	1
Total	33

Table 15 provides a breakdown of the major concerns of responding organizations. The concerns mentioned most often were about: (1) two-earner couples and dual entitlement; (2) time out of the workforce for working women; and (3) widows under age 60. Quotations from the letters received illustrate these concerns. With regard to the problems of two-earner couples and dual entitlement, one letter stated:

> "Allowing a worker to receive a benefit based either on her own work record or her spouse's, whichever is higher, is viewed as unfair because one-earner couples with the same income draw a higher benefit than two-earner couples. Further, because of this provision a woman entering the paid job market late in life will not receive any increase in her retirement income despite her contributions."

Table 15

Major Concerns of Responding Organizations

Concern	Number of Organizations: Before 7/18	After 7/18	Total
Two-Earner Couples			
Dual Entitlement	4	15	19
One-Earner Couples			
Disability for Homemaker	1	3	4
Benefits for Homemaker's Death	1	1	2
Subtotal One-Earner Concerns	2	4	6
Disabled			
Recency of Work	2	5	7
Widowed or Divorced	0	1	1
Homemaker Dependents	0	1	1
Subtotal Disabled Concerns	2	7	9
Widows			
Widows Under Age 60	2	17	19
Effect of Marriage/ Remarriage	0	2	2
Subtotal Widows Concerns	2	19	21
Divorced			
10 Year Marriage Requirement	3	5	8
Divorced Wife's Benefit	1	1	2
Subtotal Divorced Concerns	4	6	10
Working Women			
Lower Wages, Lower Benefits	2	4	6
Years out of Workforce	4	16	20
Still Treated as Dependents	1	1	2
Subtotal Working Women Concerns	7	21	28
Comparative Treatment of Groups			
Compare Retirement Benefits	2	4	6
Compare Survivor's Benefits	0	1	1
Subtotal Comparative Concerns	2	5	7

On the issue of women's years out of the labor force and their effects, another said:

> "Some amelioration of the affect of "zero years" in figuring benefits for women is necessary. More often than not, these are years when women have left the workforce to raise a family. This should not cause them to pay a penalty for all the time they were not in the paid labor force."

One statement about the problems of younger widows was:

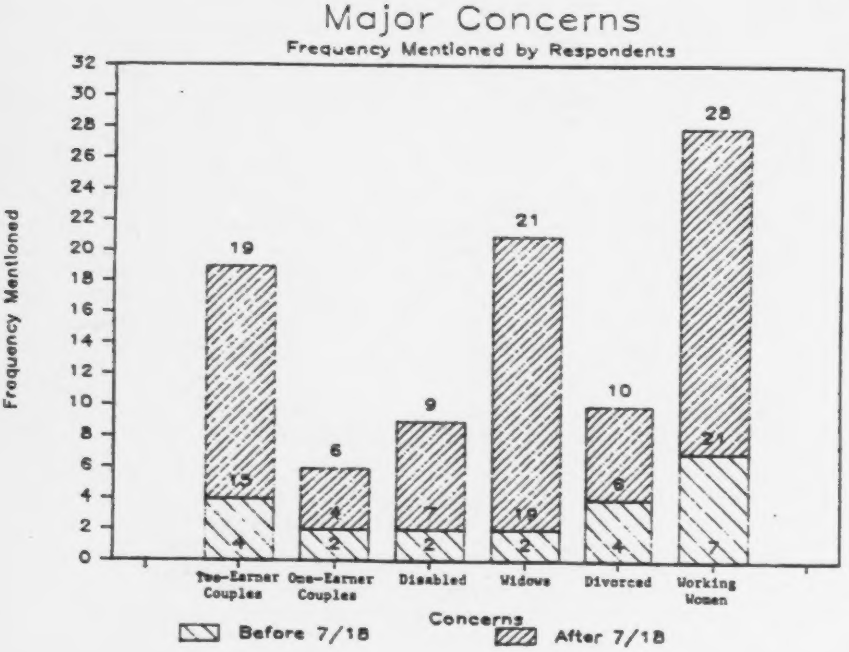
> "Widows who do not have dependent children under 16 are often faced with a "widow's gap" after the death of their husband—a period of years in which they are not eligible for Social Security benefits unless they are totally disabled, when they are ineligible for public assistance, and when it may be difficult or impossible for them to make a swift transition to the workforce."

In addition, some concerns that have been less central to the debate on Social Security reform were mentioned. For instance, one letter noted:

> "The Social Security System largely benefits middle-income and higher income retirees. The cohort group of current older Pacific/Asian have generally been excluded from public/private pension benefits due to the nature of the jobs they have funnelled into. ... A higher percentage of older Pacific/Asian stay in the workforce beyond the usual retirement age than the general population of seniors. They do so primarily because they have no or/minimal pension resources."

Table 15 also shows responses received before and after July 18, 1984. Central to the analysis of the results is the fact that on July 18, 1984, one of the interest groups included on the mailing list, the Citizen's Council on Earnings Sharing, sent a letter to each group included on the study list. This letter (a copy is included as Appendix 2) made claims as to the intent of the study (in places erroneous claims based on the difference between their perception of the study objectives and the actual objectives of the study) and provided a "guide for responding to the RTI survey." To determine the extent to which this letter may have influenced the results of the study, we have examined the responses by date of reply—before July 18, and after. As can be seen more clearly in Figure 2, the responses cluster quite clearly, and in fact match the guide closely. Thus, caution is required in interpreting the frequency of mention of specific concerns.

Figure 2



Most organizations indicated that they would not assign any priority to beneficiary groups. Rather instead, most provided a list of concerns, with a specific statement to the effect that the organization was not assigning priority and that it ranked each concern as of equal importance. Several letters expressed the concern that proposals to change Social Security should not favor one beneficiary group at the expense of another. One stated:

> "... the issues affecting homemakers and unemployed women are equally important. We do not believe that equity and adequacy can be achieved for one group at the expense of another. It is simply not good public policy." And, ... "I again want to stress that we do not feel one issue is more important than another. We certainly hope that policy makers will not play off the interest of one group against another in the name of 'equity' or cost savings."

Another said:

> "It is not appropriate at this time to make choices among elderly and disabled poor women. When the time comes for the Congress to focus on the issue, it is hoped that they will focus on a package of major improvements. While some priorities may be required then, it will probably be unnecessary, for the most part, to make such choices due to the breadth of the package of provisions and the possibility that many changes could be made simultaneously. And our refusal to prioritize [issues or beneficiary groups] reflects in and of itself a preference for one comprehensive reform package, not piecemeal modifications. We request that this preference be stated in your report."

On the other hand, there were recipient groups and problems that were mentioned infrequently; these included the homemaker's ineligibility for disability benefits in a two-earner couple, homemaker dependents and widowed or divorced disabled.

With respect to recommendations dealing with concerns, the responses favored some form of earnings sharing and opposed increasing the age limit for receipt of Social Security benefits as shown in Table 16.

Table 16

Major Recommendations of Responding Organizations

	# of Organizations		
Recommendation	Before 7/18	After 7/18	Total
Earnings Sharing	5	17	22
Homemaker's Credits			
Homemakers Accrue Credits	1	1	2
Child-rearing Years Excluded	0	1	1
Subtotal	1	2	3
Widows			
Survivor Inherits Credits	0	2	2
Transition for Disabled Widows Under Age 60	0	1	1
Entitlement at Age 50	0	1	1
Benefits After Remarriage	1	0	1
Subtotal	1	4	5
Divorced			
Reduce Marriage Requirement	0	1	1
Credit Splitting at Divorce	0	1	1
Subtotal	0	2	2
Do Not Increase Age Limit	0	11	11

Although a number of responses did not include specific suggestions about ways to deal with the problems of Social Security or means for financing changes, some specific comments were made. For example, one said:

> "We are not unmindful of the complexities of some of these reforms nor of their cost. We firmly believe, however, that 52% of the population should not be inequitably treated by this System which covers such a large percentage of the population. We are convinced that more equitable treatment for women under Social Security will result in less dependence on other government programs such as Medicare, SSI, Medicaid, and various types of welfare. It will help the whole economy by increasing the purchasing power of older women. It would also help insure that older persons could remain independent rather than becoming the personal and/or financial responsibility of relatives who may be ill equipped to assume such responsibility.
>
> Most important, it will enable a growing segment of our population to live with dignity in their declining years."

That groups seldom offered specific suggestions was expected; representatives of most organizations find it easier to react to a specific proposal than to provide specific comments to generic issues.

Table 17 presents the more general concerns of the responding organizations, which we have called "concepts." As can be seen, the predominant issues are the "feminization of poverty," inadequacy of protection for divorced women, and Social Security as the primary means of support for the elderly.

Only counts of responses have been provided in reporting these results; calculation of percentages or rates would imply a level of precision not sustained by the data or the number of responses received. The relatively small number of responses may have resulted from several factors. First, the study design provided for a rapid turn-around response, with extensions permitting receipt of information six weeks after the CBD announcement. Verbal indications from some organizations are that this was insufficient time to prepare a detailed response if the organization did not already have an official or prepared policy statement on the issues (particularly in view of the timing of the study with respect to the major political conventions and organizational annual meetings). Another reason may have been the vehicle, soliciting opinion via a public announcement rather than through more direct contact. It was likely to be confusing to organizations not to be consulted directly, despite the letter sent calling attention to the notice. Third, organizations may have felt they already had gone on record with respect to their positions. Conversely, many organizations may not have felt

Table 17

General Concepts Mentioned by Responding Organizations

	Before 7/18	After 7/18	Total
Women's Time Out of the Workforce	0	2	2
Increasing Divorce Rate	3	3	6
Inadequacy for Aged Widows	2	2	4
Inadequacy for Divorced Wives	3	15	18
Inadequacy Young, Disabled Widows	1	0	1
The Equal Rights Amendment	0	2	2
Feminization of Poverty	5	15	20
Stigma of Dependency Concept	1	2	3
Rapidly Aging U.S. Population	4	1	5
Increasing Labor Force Participation of Women	2	3	5
Contribution of Homemaker/Economic Value	2	3	5
Marriage as an Economic Partnership	3	1	4
Equitable Treatment of Men and Women	2	1	3
Discrimination in Workplace	2	2	4
Problem with Implementing Changes in Social Security	0	1	1
Social Security as Support for Elderly	3	14	17

that the treatment of women under Social Security was a major issue relative to its other missions. And finally, as was borne out in conversations with members of organizations as well as in their written replies, there was some degree of suspicion, distrust, and/or fear about the Administration's motives in conducting such an inquiry—that SSA was using the research to delay its own technical report on earnings sharing, or was using the study to garner opposition to earnings sharing, for example.

Interviews with Nine National Interest Groups

In-depth interviews were conducted with representatives of nine national interest groups. These groups, previously listed in Exhibit 1, were selected on two dimensions. First, the selection sought to represent each of the major Social Security beneficiary groups potentially interested in the treatment of women among the constituents of these organizations—women, the aged and retired, business, families and minorities. Second, groups not frequently appearing at Congressional hearings were of interest as well as those that already have presented more fully articulated positions on the issues. To this end, these nine were a purposefully chosen "sample;" they are not meant, however, to be statistically representative of all interest groups with similar constituencies.

Table 18 provides a summary of the organizations, the name and title of the spokesperson(s) interviewed, the major constituency each group represents,* the size of the organization's membership and an indication of whether or not the organization previously had been represented through public testimony on the issue of the treatment of women under Social Security. As can be seen, four of these organizations fall into this latter category (although the organization may have gone on record through other means to state its opinions on Social Security in general).

The outline for discussion provided to each organization prior to the interview is included as Exhibit 7. It is important to note that three of the groups interviewed had expressed public opposition to the study and two had participated in the discussions with the Social Security Administration mentioned in Chapter I concerning the nature and purpose of the contract. The discussion outline contains no reference to earnings sharing, and the interviewers did not raise the subject. Any discussion of earnings sharing as a potential remedy to problems faced by women under Social Security, therefore, was initiated by the representative of the organization being interviewed. The results of each interview are presented separately in the sections that follow.

American Association for Retired Persons (AARP)—Ms. Laurie Fiori, Legislative Representative

Goals and Membership

The AARP represents individuals over age 50, and has a current membership of 17 million. Legislative policy decisions are made by a Legislative Policy Council of 20 members, which meets annually. Decisions of the Council are reviewed and voted upon by the AARP Board. Membership surveys are carried out both on specific policies and proposals and on more general issues of concern to AARP members. Council members draw on these in formulating policy positions.

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*This is the primary constitutent base as reported by the organization, although the organization may include other individuals, e.g., the National Organization for Women includes many men among its membership.

Table 18

Organizations Interviewed

Organization	Name and Title of Spokesperson(s) Interviewed	Major Constituency	Membership	Prior Public Statements on Treatment of Women Under Social Security
American Association for Retired Persons (AARP)	Ms. Laurie Fiori, Legislative Representative	Individuals over age 50	Over 17 million	Yes
American Federation of Labor/Congress of Industrial Organizations (AFL/CIO)	Mr. Bert Seidman, Director, Dept. of Occupational Safety, Health and Social Services Mr. Larry Smedley, Deputy Director	Labor	14 million	Yes
Eagle Forum	Mrs. Judith Finn	Traditional family-oriented women	Approximately 60,000 households	Yes
National Assocation of Negro Business and Professional Women's Clubs (NANBPWC)	Mrs. Frankie Jacob Gillette, President	Black women in business and professions	10,000	No
National Council of La Raza (NCLR)	Dr. Fernando Torres-Gil, Member of Board of Directors and University Faculty Member in Gerontology	Hispanics	70 affiliate community-based organizations	No

Exhibit 7

RESEARCH TRIANGLE INSTITUTE
Research Triangle Park, North Carolina 27709

--THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY--

OUTLINE OF ISSUES FOR DISCUSSION

I. Background Information on Organization

  A. Major Goals and Objectives of the Organization

    1. Origin
    2. Groups/Individuals That the Organization Represents
    3. Current Membership (N = ___)

  B. Organizational/Administrative Structure

    1. Current Leadership
    2. Policy Making/Decision Making Processes Followed in the Organization

II. The Treatment of Women Under Social Security

  A. Social Security Issues Concerning Women

    1. Specific Beneficiary Groups in Need of Change
    2. Proposed Nature of the Change(s)

  B. Reason(s) for Citing Each of the Issues as Important

    1. The Relative Importance of the Issue

  C. Timing of the Issues

    1. Issues Viewed as Being of National Significance Now, and in the Immediate and Long-Term Future
    2. Issues Requiring Immediate Attention, and Actions to Be Taken Now
    3. Issues Likely to Emerge as Important in the Next 10-20 Years
    4. Issues Likely to Emerge in the Next 40-50 Years

  D. Beneficiary Groups Viewed as Disadvantaged Under the Current Social Security System, Yet Unrepresented by Any Advocacy Group

Exhibit 7 (Continued)

E. Aspects of the Social Security System that Should Not Be Changed

1. Aspects that Should Not be Changed Because They Advantage Women
2. Aspects that Should Not be Changed for Any Reason

III. Suggested Remedies Within the Social Security System, as Well as by Other Means

July 5, 1984

Social Security Issues Concerning Women

Ms. Fiori stated that AARP has been primarily concerned with the current generation of older women, especially those who are over 70 and living alone. Seventy to eighty percent of the current generation of older women rely on Social Security; thus, cost of living adjustments (COLAs) are a critical concern. Potential cuts in COLAs are especially threatening to this group of current older women because of their reliance upon Social Security as a major part of their income. AARP is concerned that current benefits not be lost to a greater extent than they are concerned with working to change the system. Other major concerns of AARP for present recipients include Medicaid and Medicare.

AARP has not taken a stand on earnings sharing--the Council may vote on the issue this year--but Ms. Fiori said that the Association ". . . leans toward the Edith Fierst version of earnings sharing." AARP is concerned that the "what-ifs" of earnings sharing are innumerable, that the transition would be very complex, and that major reform always creates huge new problems. AARP does not anticipate major reform happening soon.

Relative to specific proposals relating to the treatment of women under Social Security, AARP does not favor increasing the number of years a woman can be out of the labor force because it does not benefit those with low income, since they cannot afford to take years out of the workforce. In AARP's view, Social Security cannot and should not address all of women's problems. For example, problems with reduced income because of labor force entry and re-entry should be addressed with job training and placement programs. AARP has studied the issue of Social Security participants not receiving money from the system equivalent to what they pay into it, and more attention will be paid to the issue as more women work. Although AARP is primarily concerned with the needs of those who are already older, Ms. Fiori expressed concern that Social Security policies should not be enacted that would make younger workers become discouraged or mistrustful of the system. The interviewee predicted a "financing shortfall in the next decade" which may lead to this situation.

Finally, Ms. Fiori was firm in stating that AARP opposes any use of means testing in the Social Security system and the taxation of benefits. According to Ms. Fiori, "taxing benefits is means testing of Social Security," which the Association strongly opposes. In general, the Association favors an approach towards Social Security which ". . . preserves current benefit levels and seeks changes in certain areas, such as survivor benefits" (note: AARP supports increasing survivor benefits).

American Federation of Labor/Congress of Industrial Organizations (AFL/CIO)--
Mr. Bert Seidman, Director, Department of Occupational Safety, Health and Social Services; and Mr. Larry Smedley, Deputy Director

Goals and Membership

The AFL/CIO represents organized labor. They express a strong interest in issues concerning women, especially as women increasingly enter the labor force. Women are seen as the major area of constitutent growth. To the extent that many retirees maintain membership in the AFL/CIO, they, too, are counted as constitutents among the 14 million members of the organization.

Social Security Issues Concerning Women

Mr. Smedley states it is the organization's position not to identify specific groups that need change in the Social Security system. The position of the union is that the earnings sharing concept meets the most needs without having to choose one group over the other. Therefore, the AFL/CIO endorses earnings sharing "in principle" as "the most promising way" to resolve the issues. Mr. Smedley added, however, that there is a need for more objective research on the subject, a specific plan, and information on what the specific impacts would be before the AFL/CIO could support or oppose earnings sharing. Transitional provisions are necessary to avoid disadvantaging people that are currently advantaged while advantaging those that are currently disadvantaged. Mr. Smedley stated, in theory, earnings sharing avoids having to prioritize beneficiary groups by handling all women's problems in one step, while acknowledging that divorced men and those men who have never been married "would stand to lose the most under earnings sharing."

The AFL/CIO strongly supports what it sees as a basic principle of Social Security: "Social Security is an earned right and not an income or means tested program." They believe in "dignity and self-respect for the receipt of benefits;" "earnings sharing should not violate that principle" according to Mr. Smedley. The concern is to maintain a balance between individual equity and social adequacy, although the focus shifts from time to time. The general orientation is toward social adequacy, but, a "social insurance" system "cannot deal with all issues of adequacy."

The AFL/CIO earlier went on record in opposition to RTI's study and restated this opposition during the interview. Mr. Seidman stated that to determine the opinions of interest groups now was "cart before the horse. . . they would like to know the facts (about earnings sharing) first."

Eagle Forum—Mrs. Judith Finn

Goals and Membership

Eagle Forum was started as a way to block the feminist pro-ERA movement because the founders felt that feminists did not represent the viewpoint of the majority of traditional, family-oriented women. As stated by Mrs. Finn, "feminists want to destroy the traditional family." Eagle Forum estimates that approximately 60,000 households are represented in the Forum's membership. About 500 people participate in the annual convention.

The Forum's decisionmaking structure is very decentralized; each state that has a chapter or chapters can organize as it wants, with an emphasis on local control.

Social Security Issues Concerning Women

In general terms, the Forum favors the current operation of the Social Security system, especially in relationship to the treatment of women under Social Security, according to Mrs. Finn. They tend to feel that the system is fair to women, and that, in fact, women receive more from the system than they pay into it. In particular, the Forum is very concerned to protect the spouse benefit in the current Social Security program. Mrs. Finn said that the spouse's benefit was a protection of the traditional, family-oriented way of life in this country. She said that those arguing to eliminate the spouse benefit (through such things as earnings sharing proposals) really were attacking the concept of the traditional family. She said that since the current Social Security system is "sex neutral," it does not favor men or women.

Divorced homemakers, married ten or more years, who did not remarry or did not establish 40 quarters of Social Security credit were identified as a disadvantaged group by Mrs. Finn. This group receives one-third rather than one-half the benefits of the married couple. She felt that this was a very small proportion of the population (she estimated about two to three percent of the population eligible to receive benefits) and it would be very difficult and costly to meet the needs of this population through a change in the current system. She made a similar point about child care credits, which were viewed as perhaps needed, but also very costly and difficult to implement. Likewise, the whole area of disability was labeled "a mess," "a disaster," in general, and in particular as it pertains to homemakers.

Another group identified as disadvantaged were taxpayers (especially high income taxpayers). In Mrs. Finn's view, taxpayers will in the future pay much more into the system than they will get back. In contrast, she felt that neither women, in general, nor working women, in particular, were disadvantaged by the current system. According to her, ". . . the marginal return to the secondary wage earner is a very small problem."

Mrs. Finn was very critical of the whole concept of earnings sharing. She said that she felt that earnings sharing would promote divorce and that it was a put down of women who chose to stay at home and raise their children. She felt that the argument for earnings sharing was that it would make everybody "an individual," rather than dependent upon someone else, that earnings sharing would promote/facilitate divorce and the break up of the traditional family structure. In her words, earnings sharing was ". . . just a way to eliminate the spouse benefit, and destroy the traditional family structure."

Eagle Forum might consider supporting some form of earnings sharing at divorce according to Mrs. Finn. Earnings sharing at divorce would perhaps provide for a more equitable settlement of joint assets of the marriage, including the accumulated gains to retirement benefits. But, she feels that there are too many "bugs" in the system to be able to work an arrangement which would permit some type of earnings sharing plan for the distribution of assets at divorce. She said that Robert Myers, former chief actuary in Social Security Administration, now retired, argues that it would be too difficult and expensive to implement an earnings sharing proviso that applied only to divorce.

Mrs. Finn expressed a concern with choice for participants in the Social Security System. She suggested that one possible approach would be a system that would (1) permit two-worker families to follow an earnings sharing route in the accumulation of their Social Security credits, and at the same time (2) permit traditional homemakers to stay with the current system which includes the spouse benefit. Although she was doubtful as to whether or not this type of model could be worked out, she felt that it would at least provide people with a choice. The key part of even thinking about this type of approach is the preservation of the spouse benefit, which was stressed as the ". . . way to promote and protect the traditional family structure."

National Association of Negro Business and Professional Women's Clubs (NANBPWC)—Ms. Frankie Jacob-Gillette, President

Goals and Membership

The organization was founded in 1935 to encourage black women to develop businesses. It represents women on an administrative level in the business world, and has a current membership of 10,000 members with clubs in the U.S., Bermuda, and Africa. It is a non-partisan group interested in any legislation that affects black women.

Social Security Issues Concerning Women

There are a number of Social Security-related issues about the treatment of women of concern to the NANBPWC. These affect black men as well as women according to Ms. Jacobs-Gillette. One such specific concern is that the retirement age should not be raised. Because blacks die at younger ages, they may not survive to collect benefits. Increasing the retirement age would be "an additional burden." In addition, blacks tend to retire earlier for health reasons, and the reduced amount "won't be enough."

Another concern is that because blacks have lower-paying jobs generally, they tend to receive lower benefits. Also, a number have domestic jobs or other jobs in which employers do not take out Social Security taxes; it is important that domestic workers be covered, according to Ms. Jacobs-Gillette. However, she says there is a problem with "how to make sure the domestic worker is covered without making the domestic worker unemployable."

Another issue of concern to NANBPWC, according to Ms. Jacobs-Gillette is that single-women who have paid into the system "at entry level," "lose the money they have contributed" when they get married, because the amount of benefits she is eligible for as a wife are higher. "If you can get more out as a wife than as an independent contributor, I'm not sure that's right."

Ms. Jacobs-Gillette indicated, "the only thing people are concerned about is how much and when. People need to be assured of a base amount they are going to have . . . you can't plan your retirement income if you don't know how much you are going to get." "Social Security isn't welfare--they've contributed and see it as a right."

It is important to the NANBPWC that Social Security issues that especially affect the black population should be recognized by SSA. "Blacks are subsidizing whites as it is now."

National Council of La Raza (NCLR)--Dr. Fernando Torres-Gil, Member of Board of Directors and University Faculty Member in Gerontology

Goals and Membership

NCLR is a non-profit, non-partisan organization. It has approximately 70 affiliate community based organizations, which function as a network. Although the Board of NCLR is the ultimate authority in the organization, the affiliates are an integral part of the governing process and very active in the process. By statute, the Board of NCLR is 60 percent women and 40 percent men.

NCLR has expertise in the general area of public policy. Within the past year it has begun to focus on aging as a major emphasis, according to Dr. Torres-Gil. NCLR's interest in aging reflects a recognition of the changing demographic patterns of the Hispanic population. Hispanics in general and Hispanic women in particular are aging faster than other population subgroups (e.g., blacks or whites). Aging is quickly emerging as one of the five or six major issues for NCLR, especially as the issue concerns elderly hispanic women.

Social Security Issues Concerning Women

Mr. Torres-Gil discussed both general issues concerning the treatment of women under Social Security and issues that more directly relate to Hispanics and, especially, to Hispanic women. He stated that the Hispanic condition is different because of cultural differences, citizenship status, historical experience and circumstances, and language. He says that Hispanics are still working through the "melting pot" process. For example, Hispanic women are not yet assimilated into U.S. culture and thus do not participate in society to the same extent as other population subgroups. For example, many Hispanic women are unfamiliar with Social Security and do not know about the benefits to which they are entitled or how to receive them. Many are uninformed about their husbands' benefits. The unique problem of the Hispanic elderly woman is that with the breakdown of the extended family, many of these women are alone without any support system close by.

Equally important, for many of these women, Social Security and other social service programs are their main source of financial support. In other words, for this vulnerable population Social Security is largely their only source of income and therefore any changes in the system to limit benefits will impact upon them the hardest. He pointed out that in general Hispanic elderly are more dependent upon basic public programs (e.g., Medicare, SSI, etc.) than any other ethnic group.

NCLR has specific recommendations for the Social Security system. There is a lack of good data from which aging issues can be analyzed from the perspective of the Hispanic population and, especially, data that allow analysis for the Hispanic population classified by national background. This has made it impossible to study important policy issues; however, available data show that the Hispanic population is aging faster than other populations and, especially, that the population of elderly Hispanic women is becoming much older than other populations.

In line with this emerging concern with aging issues, NCLR recommends that (1) the Social Security Administration must start to collect data that specifies Hispanics by gender, and (2) there should be an attempt to collect data by region, particularly California, Florida, and New York, so as to be able to do regional analysis. These data are needed to form the basis for any public policy making regarding the Hispanic population and in particular Hispanic elderly women. This group—hispanic elderly women—is the most vulnerable of the groups NCLR represents; their low income, low educational levels, and often poor health, make them a particularly high risk group.

In general NCLR's spokesperson felt that the Social Security system was based on "outdated demographics. . . . Things are much different now." Whereas Social Security was not originally envisioned as the only source of retirement income, now it is the main source of income for many women. Yet, the program is viewed as inadequate for several reasons: many people never get vested in the program, women tend to get lower benefits than men, and homemakers do not receive disability benefits. In the spokesperson's opinion, women tend to rely more on Social Security but get less benefits.

NCLR supports the earnings sharing concept, according to Dr. Torres-Gil. It also supports a number of recommendations that have been put forward by NOW, OWL, and other organizations: (1) homemaker credits; (2) reduced number of minimum years a couple needs to be married for the woman to be eligible for Social Security; (3) revise the 35-year requirement; (4) do something about the zero year problem; (5) support earnings sharing; and (6) support life insurance annuity so that women get the same yearly benefits as men. Also, NCLR strongly favors keeping the retirement age at 65; Dr. Torres-Gil mentioned that although they oppose raising the retirement age, they might consider the idea of various optional retirement ages.

National Organization for Women (NOW)--Ms. Mary Jean Collins, Vice President; and Ms. Diane Dawson

Goals and Membership

NOW was founded in 1966 out of concern with the economic well-being of American women. NOW has a membership of 250,000 members. It is concerned with laws that have a discriminating impact on women. In NOW's view, the Social Security system is based on a discriminating model; NOW has been testifying on Social Security since 1975.

Social Security Issues Concerning Women

NOW's position on Social Security and women has not changed over the years says Ms. Collins. Testimony by NOW representatives adequately presents the organization's position on the issues. NOW supports earnings sharing; "it is fair to women on both sides, in both long-term marriages and in divorce." According to Ms. Collins, the 1983 Social Security reforms did not address any of the problems facing women. Ms Collins also stated, "Earnings sharing was one of the problems on the table, but the government did not deal with it."

Specific concerns of NOW include their observations that Social Security is based on a "male model." This penalizes women for bearing children and for decisions to stay out of the workforce for this or other reasons, according to Ms. Collins. She added that Social Security is based on the concept of a couple that stays together permanently. Specific problems with this premise include: unfairness of having spouse benefits higher than benefits as an earner; the ten-year marriage requirement for eligibility for benefits at divorce; and the need to treat marriage as an economic partnership.

Another problem stated by Ms. Collins is that women's lower wages are reflected in benefits: "Inequity in the workplace carries into the Social Security System." In addition, zero credits for time-out of the workforce should be eliminated. Women are doing work in the home that would cost society a great deal if they were not doing it. Homemakers are unable to get benefits for themselves or their dependents.

Ms. Collins continued, "Women live on Social Security longer," based on "lower wages and lower benefits." But, "without Social Security and Medicare, 60 percent would be destitute. The average benefit of $334 is 87 percent of the minimum poverty line." "This will get worse because there will not be a contraction of women in the workforce." "Government needs to recognize the permanent transformation of how women see themselves. She concluded by stating that "over 50 percent of women are paying in but not getting it back . . . women are subsidizing the system."

Ms. Collins indicated that there are several aspects of Social Security that should not be changed from NOW's point of view. First, while Social Security is "sexist," it is a "good program because it has put a base under the aged and especially the poor. It is one of the best programs in the U.S." And second, the retirement age should not be raised.

National Urban League--Dr. Douglas Glasgow, Vice President, Washington Operations; and Ms. Sharon Bingham

Goals and Membership

The National Urban League is "the premier social welfare agency for blacks," according to Dr. Glasgow. Founded 75 years ago, its focus has been helping families, although the emphasis may have varied over the years, from the Civil Rights issues to contemporary concern for the economy, full employment and the entrenched poor and disadvantaged.

Social Security Issues Concerning Women

The National Urban League's most vulnerable population is the black aged. While Social Security affects a great segment of their female aged population in particular, until the time of the interview, the National Urban League had "no real policy" concerning Social Security. It did, however, have concern with how effective Social Security has been with respect to the needs of its constituents, particularly the female aged.

Dr. Glasgow and Ms. Bingham cited the "paucity of analysis on black women." Black women receive the lowest level of benefits of any group. Discrimination in the labor force is tied to lower wages and length of employment and therefore to lower benefits. Additionally, the type of work is typically not the type that receives earnings credits (domestic work, for example). There are "built-in inequities" in the system that have "accrued based on previous inequities in society . . . blacks are second class receivers within the system."

Rates of unemployment and part-time employment due to disability are high among black women which has additional implications for benefit levels. The black woman's income is "crucial for family survival" and benefits count. "Black women may not meet the eligibility requirements as they need to," Dr. Glasgow states. In addition black men have a shorter life span and therefore women are widows at an earlier age than among other populations; 79 percent of black women receiving Social Security benefits are not married.

All of these are concerns of the National Urban League. They suggest a specific analysis of the adequacy of benefits for these groups, when the benefits are provided, and how. "The system is insensitive to changes in the target population . . . the assumption is that the system is respon- sive." "So much of what is done is fiscal accounting . . . the proposals are silent on the issue of black women." In light of this, the National Urban League observes that people "use blacks to emphasize the statistics, for example, the number of elderly women in poverty, but the proposals do not take black women into account."

The National Urban League recommends that the benefits be examined across subgroups and address ways of crediting work, including time spent training and retraining and the role of the individual in the labor market. The minimum retirement age should not be changed, particularly given that black men die at an earlier age than white men.

It might be noted, in light of other organizations' emphases on earnings sharing, that the issue of earnings sharing was not raised during the course of the discussion. It also is important to note that, following the interview, the National Urban League prepared a formal policy statement for its organization on Social Security.

Older Women's League (OWL)--Ms. Alice Quinlan, Legislative Director

Goals and Membership

The Older Women's League began in 1978, as an outgrowth of the Western Gerontological Society, and was fully evolved by 1980 and the White House Mini-Conference on Older Women. Its membership has grown to 12,000 middle-aged and older women (as well as some men) in 82 chapters in 30 states. OWL's policy agenda is established through open solicitation of the membership on ideas, from which position papers are developed. There is public discussion on these issues, followed by balloting at the annual meetings which establishes the focused policy agenda. Social Security, pensions and pension equity, and health care and health insurance are the three top agenda items.

Social Security Issues Concerning Women

One of the major concerns of OWL as stated by Ms. Quinlan is that women have adequate retirement income, given the "demographics," "how men and women differ," and how changes over time influence the poverty of women.

OWL is equally concerned with private pensions and the age/employment issues.

All of the specific issues of adequacy are a "problem of the system." Unpaid work should be recognized, including the years as caregivers; homemakers over 45 years of age who are divorced and the built-in penalties of the drop-out years are of particular concern. In addition, the system does not recognize that remarriage rates are lower for women than men. The loss of benefits for students, and the raising of the retirement age are additional problems noted by OWL. The "system needs to be reshaped to make it more adequate and equitable."

Ms. Quinlan stated that "beneficiary groups are not airtight compartments . . . Social Security hasn't the flexibility to deal with women's varied situations." OWL "has embraced earnings sharing as the most promising means of protecting the family's social insurance." It has not, however, "espoused the 100 percent pure plan . . . there should be a long transition period for widows; the inheritance of credits and care benefits should also be addressed."

"The practical and technical aspects of earnings sharing are SSA's mandate" . . . "if earnings sharing is not possible, then they need to come up with some other scheme. Priorities should not be determined by incidence in the population, rather (they must) be tempered by predicament." The issue is between men and women and not one category of men or women against the other. Ms. Quinlan continued, "if compromise must be made, it should be in the direction of adequacy of income . . . it will be an empty moral victory if to achieve parity between one and two-earner couples, the one-earner couple is cut down." Ms. Quinlan stated that OWL acknowledges, however, that divorced men will be the loser under earnings sharing.

There are specific aspects of the Social Security system that OWL feels should not be changed, including its "universality . . . cease and desist on the idea of making it optional; it cannot be replaced by IRA's," according to Ms. Quinlan. Social Security is the "most important and successful social program . . . its features in large should not be lost. Social Security should retain the survivor benefit protection, although this may take a different form, and the inheritance system." In addition, Ms. Quinlan stated that the cost of living adjustments are considered "critical." Means testing (or a movement towards means testing) "would be the most horrible thing in the world . . . it would be the beginning of a decline." Taxing Social Security income would be the "lesser of the evils."

U.S. Chamber of Commerce--Mr. Michael Romig, Manager, Pension and Employee Benefits

Goals and Membership

The purpose of the Chamber of Commerce "is to promote individual initiative and self-reliance--and to improve and protect the incentive system, the free-market economy, for the good of business and for the long-range good of the country," according to Mr. Romig. Today the main focus of the Chamber is the interaction of business and government; government should serve as a complement to business, and not as "cog in the system."

The U.S. Chamber of Commerce is made up of 200,000 businesses or trade associations, member firms, and state and local groups. The decision process begins with 36 policy committees comprised of about 50 members total, selected annually from within the membership. The committees identify problems, develop private enterprise solutions, and develop the support of business and government. The development of support is conducted through radio and TV ads to reach the U.S. public, monthly magazines, editorials issued to various newspapers, and liaison with policymakers. An informal system relies on experts called into a task force.

Social Security Issues Concerning Women

The Chamber and business community are proponents of the Social Security system since business benefits from the program. In their view, according to Mr. Romig, Social Security should operate as a defined benefit program: participants should get back what they put into the system.

There is a beneficiary problem--older women are living in poverty. This happens because their needs are not met by welfare and because retirement programs are employment based and older women were not employed. Yet, they still receive benefits, so, "is the window half opened or half closed?", Mr. Romig questions. The problem will not exist to the same extent in the future because women are now in the labor force on their own. Also, private pensions will increase the payout for women because they are shifting to savings plans that do not require length of employment and have decreased vestiture requirements.

Mr. Romig stated that divorced women have a problem if their lawyers did not think of retirement benefits in the settlement.

Mr. Romig stated that the problem with earnings sharing is that people feel "I paid in--now you are taking it away." Business integrates with Social Security by promising an employee that he will receive 50 percent of his income at retirement. If Social Security splits the employee's benefits with his three ex-wives, reducing his Social Security benefit, then the company pays the difference and does not like it. The main concern of business is the integration of business with Social Security and how changes in Social Security increase the cost to business. They favor allowing the shift of Social Security to private pension plans because the employee would get more for the investment.

In general, the concept of "changes in Social Security" is a low priority for the business community. The business community has no immediate agenda for Social Security according to Mr. Romig. There is an interest in simplifying private pension plans in relation to Social Security benefits. In general, Social Security issues are not as important to the business community as private pension plan issues.

The above comments should be viewed in the context of the statement by the Chamber spokesperson that the "United States Government has a 'non-system' for policymaking regarding retirement policy," perhaps best characterized by "institutional fragmentation." According to Mr. Romig, President Carter tried to coordinate the activities of the three agencies most directly involved in this policy area—Department of Health and Human Resources, Department of the Treasury, and the Department of Labor—but was largely unsuccessful.

Discussion

The interviews with representatives of the nine organizations provide valuable additional information in conjunction with the results of the analyses of public documents and the responses to the request for comments.

First, the interviews provided an opportunity for organizations that already had articulated their stands on women and Social Security to make statements on these issues for the present study. These statements reaffirmed the statements the organizations previously had made.

Second, and perhaps most important from the standpoint of seeking to determine a wide range of concerns about women and Social Security, the interviews included several organizations that previously had not presented their views on the matter. In several cases, it was learned that the organizations had prepared for the interviews by reviewing the concerns of their constituencies in relation to Social Security and women, and then stated these views in the interviews. Several concerns expressed by these organizations are important to note:

- The problem of minorities under the Social Security system are an important area of concern. Many minority group members—both men and women—have had low-paying and, in some cases, non-covered employment, and thus have low benefits. Because of higher mortality, higher retirement ages would mean more will die before eligibility for benefits and more will be left widowed in older age, while early retirement because of poor health reduces the benefits received by others. The older minority population is growing rapidly, especially the population of older women, many of whom are widowed and receive low benefits. For these organizations and their constituencies, those and other concerns with Social Security have been more central than earnings sharing.

- Another problem concerning minority groups and Social Security mentioned by several organizations is the lack of data needed to analyze the problems minority group members face, to help develop policies, and to assess the effects of possible changes.

- Businesses express concerns concerning the relationship between the private pension system and Social Security, and the potential effects of change in Social Security on business.

- Both the Chamber of Commerce and the Eagle Forum oppose earnings sharing; the Older Women's League, the AFL-CIO, National Council of La Raza and the Older Women's League favor earnings sharing in principle; the American Association of Retired Persons has not taken a stand; and the National Association of Negro Business and Professional Women's Clubs and the National Urban League make no mention of earnings sharing.

CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary

The purpose of Research Triangle Institute's study was to determine the concerns of interest groups regarding the treatment of women under Social Security. The specific objectives were to:

1. determine how interest groups outside the government rank the issues concerning the treatment of women under Social Security in order of importance; and

2. determine which issues, if any, are of concern to a broad spectrum of groups and which, if any, are of concern only to groups representing a small part of society or certain special interests.

Accomplishing these objectives involved several tasks. A broad range of nongovernmental interest groups, representing the interests of different groups of women, the aged and retired, children and families, employers, minorities, and others was identified. The extant public statements of these organizations, including all articles and testimony concerning women and Social Security since the first major hearings in 1977 were gathered. The concerns expressed in this existing documentation were classified for analysis, using a list of the major issues concerning the treatment of women under Social Security. The initial list of issues, developed by RTI staff in consultation with SSA, was expanded to include those additional statements of concern that emerged as a result of the review and subsequent analysis.

Also of interest was the current opinion of interest groups with respect to the treatment of women under Social Security, and particularly the opinions of organizations that may have an interest in the issues but that had not previously stated those opinions through a formal mechanism such as testimony before Congress. For this reason, statements of the concerns of nongovernmental interest groups were sought through a public request for opinion published as a special notice in the *Commerce Business Daily*. The responses received were reviewed and analyzed against the list of issues in the same way as described for the review of existing statements.

Finally, to expand upon the interests and concerns in a way not possible through the review of existing statements or statements prepared in response to the request for opinion, in-depth interviews were conducted with representatives of nine major national interest groups. The results of these interviews were compiled and synthesized.

Thus, the information base for determining the opinions of nongovernmental interest groups about the treatment of women under Social Security was of three types:

1. 116 articles and transcripts of testimony by 69 nongovernmental interest groups;

2. 25 letters representing the opinions of 33 organizations; and

3. interviews conducted with nine organizations.

The first two sets of information were analyzed separately using content analysis techniques to search for the occurrence of key words or themes describing both specific and general concerns about the treatment of women under Social Security. Concerns of the interest groups were categorized into six major sets organized by the beneficiary groups involved: (1) two-earner couples; (2) one-earner couples; (3) disabled women; (4) widows; (5) divorced women; and (6) working women. Subsets of these categories were used to deal with specific issues pertaining to the beneficiary groups. Other concerns included the relative or comparative treatment of one- and two-earner couples, and concern for programmatic issues such as the age of retirement as they affect women. In addition, in those cases where the organization recommended an approach to dealing with an area of concern, the recommendations were analyzed by categories dealing with recommendations for earnings sharing, homemaker credits, problems of widows and divorced women, and other issues. Finally, all statements were examined in terms of the primary constituency or membership of the organizations making the statement, including organizations representing women, the elderly, minorities, families, and religious and business groups.

In the case of the articles and testimony, the analysis included a stratification by the date of the statement, when appropriate for taking into account the effects of successive Social Security amendments that were intended to address different concerns. Information received in response to the request for opinion published in the Commerce Business Daily and mailed to all organizations also was stratified by date received. This was done to take into account the effect of a letter sent to nongovernmental interest groups by the Citizen's Council on Earnings Sharing. This letter provided a "guide for responding to the RTI survey." It was important, therefore, to determine the extent to which organizations appear to have been influenced by the letter, so that the patterns of responses by different organizations could be better understood.

The information obtained from direct interviews was reviewed and reported in terms of the goals and constituencies of the organizations and specific concerns of the organizations as indicated by key spokespersons participating in the interviews.

There are several major results of the study. First, the content analysis of the written material provides valuable information on the overall patterns of concerns of groups that have been active in the considerations of issues concerning the treatment of women under Social Security. In particular, the analysis of these materials by categories of constituencies and by time gives information on the issues and the beneficiary groups that are of particular concern to different clusters of organizations, and how the issues have changed over time. Additionally, the process of identifying organizations and locating and analyzing documents provides a list of potentially concerned nongovernmental interest groups and a bibliography of relevant materials from 1977 to the present.

Second, the study elicited the views of some organizations whose constituencies are affected in important ways by the treatment of women under Social Security, but which had not previously expressed their views on these issues. Both the letters and the interviews were an important source of information on the views of these kinds of organizations.

As a result of both the synthesis of existing views and the collection of new information on the views of other organizations, the study provides the Social Security Administration with information on the concerns of a wide range of groups--some relatively uninvolved previously, others quite vocal--that will be useful in gauging how well proposed policy options will address the concerns of the various organizations included in the analysis.

Conclusions

An analysis of the frequency of responses concerning specific beneficiary groups permits some conclusions with respect to the issues felt to need attention by organizations representing various sets of constitutents. (It should be noted that some organizations indicated their "list was not exhaustive".)

The one issue that appears to emerge most clearly is a concern for adequacy of benefits, particularly for the divorced, widowed, and/or disabled homemaker, but most especially for widows. This theme appeared with far greater frequency than perceived concerns for equity in all three sets of information sources. If there is a consensus among the organizations, regardless of the source of the information, it is concern for older women living in poverty. This is evident in such statements as "There is the need for benefit improvements, especially for women, the older poor and the 'old-old'," and "Social Security should be more than income replacement. It should involve adequacy."

The most frequently mentioned Social Security beneficiary groups are, in order of frequency of mention: (1) working women; (2) divorced women; (3) widows; (4) disabled; (5) two-earner couples; and (6) one-earner couples. It should be noted, however, that the majority of organizations represented in the information base were groups representing women, and their comments dominate the results. Thus, for example, women's groups expressed the most concern about working women. Groups representing the elderly were more likely to express concern about the treatment of widows, as were groups whose primary constituency was a racial or ethnic minority, although both types of groups also indicated concern about working women. Their concerns included such problems as the impact of the historically lower wages of women and the consequent relatively lower benefits to be received under Social Security, as well as the issue of "dual entitlement".

Statements expressing the more general concern about the "equitable treatment of men and women," and "discrimination in the workplace" were the most common equity-oriented issues. Less frequent were specific statements of concern for equity between one-earner and two-earner couples. Little concern was expressed about the relative treatment of single earners compared to married couples with one earner. Comments were made during two of the interviews that earnings sharing proposals could have the greatest negative impact on divorced men.

A specific set of concerns was raised by organizations representing minorities, both in the interviews and in the letters received. The first of these is the need for data to examine the treatment of minorities (Black, Hispanic, and Asian) under Social Security. This included a concern for better data on minority Social Security recipients generally, and not only women. Second, the treatment of these recipients is a more central concern to minority organizations and their constituencies than earnings sharing.

The analysis of existing documentation showed that organizations representing women were the most likely to provide recommendations to deal with the issues mentioned and the most likely to recommend earnings sharing as the preferred solution to addressing their concerns. Most responses to the request for opinion also indicated support for earnings sharing as a recommendation. Most of these, however, were received following the distribution of the Citizen's Council on Earnings Sharing letter. In the interviews, the interviewers did not raise the question of earnings sharing, so those organizations that mentioned earnings sharing as a recommendation in the in-depth interviews did so spontaneously. In the cases in which the issue was raised, the statement was to the effect that "we support earnings sharing in principle, with transition benefits, but need to see the results of SSA's analysis of the idea and its potential impacts before a specific endorsement could be given."

APPENDIX 1

MASTER LIST OF NONGOVERNMENTAL ORGANIZATIONS

APPENDIX 1

MASTER LIST OF NONGOVERNMENTAL ORGANIZATIONS

9 to 5, National Association of Working Women
ACE Office of Women in Higher Education
AFL/CIO
Alliance of Metal Working Industries
Alpha Kappa Alpha
American Academy of Actuaries
American Association for Respiratory Therapy
American Association of Homes for the Aging
American Association of Oral and Maxillofacial Surgeons
American Association of Retired Persons
American Association of University Women
American Baptist Churches
American Council of Life Insurance
American Dental Association
American Economic Association
American Farm Bureau Federation
American Federation of State, County, and Municipal Employees
American Foreign Service Association
American Foundation for the Blind
American Health Care Association
American Home Economics Association
American Hospital Association
American Jewish Committee
American Jewish Congress
American Medical Association
American Nursing Association
American Occupational Therapy Association, Inc.
American Society for Personnel Administration
American Society of Local Officials
American Society of Pension Actuaries
American Woman's Economic Development
Americans for Democratic Action
Americans for Indian Opportunity
Asian Women United
Asian/Pacific Women's Center
Association of Black Women in Higher Education
Association of Junior League
Association of Private Pensions and Welfare Plans
Association on American Indian Affairs
B'Nai B'rith Women
Baltimore New Directions
Black Career Women, Inc.
Black Women in Publishing
Black Women's Educational Policy and Network
Board of Church and Society, United Methodist Church
CW Workshops and Network
Catholic Women for the ERA
Center for Women Policy Studies

Center for the American Woman and Politics
Center on Social Welfare Policy and Law
Chicana Rights Project
Chicana Service Action Center
Children's Foundation
Christian Voice
Church League of America
Church Women United
Church of the Brethern
Coal Employment Project
Coalition of Labor Union Women
Comision Femenil Mexicana Nacional, Inc.
Commission on the Status of Women in the Economics Profession
Commission for Women's Affairs
Common Cause
Concerned Seniors for Better Government
Congress on Racial Equality
Congressional Union
Delta Sigma Theta
Disability Rights Center
Displaced Homemakers Network, Inc.
ERA Impact Project
Eagle Forum
El Congreso Nacional de Asuntos Colegiales
Employers Council on Flexible Compensation
Episcopal Church
Eta Phi Beta Sorority, Inc.
Family America
Family Security Foundation
Farmers' Educational and Cooperative Union of America
Federally Employed Women
Federation of Organizations for Professional Women
Federation of Protestant Welfare Agencies, Inc.
Federation of Retired Workers
Global Ministries Board
Heartline/National Association of Older Americans
Hispanic Women's Council, Inc.
Homemakers Equal Rights Association
Impact
Institute of Women Today
International Federation of Professional and Technical Engineers
International Ladies Garment Workers Union
Know, Inc.
Latin American Professional Women's Association
Leadership Council of Aging Organizations
League of United Latin American Citizens
Legal Counsel for the Elderly
Legal Services for the Elderly
Lutheran Resources Commission
Mexican American Women's National Association
Mexican-American Legal Defense and Education Fund
Ms. Foundation for Women
NOW Legal Defense and Education Fund

National Action Forum for Older Women
National Alliance of Senior Citizens
National Assembly of Religious Women
National Association of Area Agencies on Aging
National Association of Cuban American Women
National Association of State Units on Aging
National Association of Social Workers
National Associated Businessmen
National Association for Equal Opportunity in Higher Education
National Association for Widowed People
National Association for the Advancement of Colored People
National Association of Black Social Workers
National Association of Black Women Attorney, Inc.
National Association of Colored Women's Clubs
National Association of Commissions for Women
National Association of Counties
National Association of County Human Services Administrators
National Association of Cuban American Women USA, Inc.
National Association of Government Employees
National Association of Hispanic Nurses
National Association of Home Builders
National Association of Letter Carriers
National Association of Life Underwriters
National Association of Manufacturers
National Association of Mature People
National Association of Media Women
National Association of Negro Business and Professional Women's Clubs
National Association of Postmasters of U.S.
National Association of Public Hospitals
National Association of Realtors
National Association of Retail Druggists
National Association of Retired Federal Employees
National Association of Wholesale Distributors
National Beauty Culturists League
National Black Feminist Organization
National Black Child Development Institute
National Black Nurses' Association, Inc.
National Black Women's Political Leadership Caucus
National Caucus and Center on the Black Aged
National Center on Women and Family Law
National Chicano Council on Higher Education
National Christian Action Coalition
National Coalition of 100 Black Women
National Coalition on Older Women Issues
National Commission on Unemployment Compensation
National Commission on Working Women
National Committee on Household Employment
National Committee on Pay Equity
National Conference of Black Lawyers
National Conference of Catholic Charities
National Conference of Puerto Rican Women
National Conference of State Social Security Administration
National Conference on Public Employee Retirement System

National Congress of Hispanic American Citizens
National Council for Research on Women
National Council of Career Women
National Council of Catholic Women
National Council of Churches of Christ in the U.S.A.
National Council of Jewish Women
National Council of LaRaza
National Council of Negro Women
National Council of Senior Citizens
National Council of Women of the United States
National Council on Black Aging
National Council on Teacher Retirement
National Council on the Aging
National Education Association
National Farmers Union
National Federation of Business and Professional Women's Club
National Federation of Federal Employees
National Federation of Independent Business
National Federation of Licensed Practical Nurses
National Indian Council on Aging
National Institute for Women of Color
National Institute for Work and Learning
National Interfaith Coalition on Aging
National Island Women's Association
National League for Nursing
National League of Postmasters
National Manpower Institute
National Multiple Sclerosis Society
National Network of Asian and Pacific Women
National Network of Minority Women in Science
National Organization of Women
National Pacific/Asian Resource Center on Aging
National Puerto Rican Coalition
National Retired Teachers Association
National Rural Letter Carriers Association
National Senior Citizens Law Center
National Society of Public Accountants
National Taxpayers Union
National Treasury Employees Union
National Urban Coalition
National Urban League
National Woman's Party
National Women's Conference Committee
National Women's Education Fund
National Women's Employment and Education, Inc.
National Women's Forum
National Women's Law Center
National Women's Political Caucus
New Ways to Work
Non-Commissioned Officers Association of the U.S.
North American Indian Women's Association
Office of Public Policy, Women's Division
Ohoyo Resource Center

Older Women's League
One-for-All National Pension Plan
Opportunities Industrialization Centers of America
Order of the Cross Society
Organization of Chinese American Women
Organization of Pan Asian American Women, Inc.
Parents Without Partners, Inc.
Pension Rights Center
Presbyterian Church, U.S.A.
Profit Sharing Council of America
Project of the Status and Education of Women
Protect America's Children
Public Policy Affecting Women Task Force
Religious Network for Equality Women
Rural American Women
Rural Coalition, National Family Farm Coalition
Save Our Security
Senior Citizens Coalition
Senior Pac
Sigma Gamma Rho
Southern Christian Leadership Conference
The Continental Societies, Inc.
The Gray Panthers
The Links, Inc.
U.S. Chamber of Commerce
Union of American Hebrew Congregations
Unitarian Universalist Service Committee
United Auto Workers, International Union
United Church of Christ
United Federation of Teachers
United Food and Community Workers International Union
United Methodist Church
United Negro College Fund
Urban Elderly Coalition
Voluntary Hospitals of America
Wages for Housework Committee
Washington Women's Network
Wider Opportunities for Women
Widow Group of Upper Saddle River, New Jersey
Woman's National Democratic Club
Women Academician--National
Women Employed Advocates
Women in Crisis
Women U.S.A.
Women for Racial and Economic Equality
Women's Alliance for Legal Opportunities
Women's Campaign Fund
Women's Educational Equity Program
Women's Equity Action League
Women's Funding Assistance Project
Women's Law Fund
Women's Law Project
Women's Legal Defense Fund

Women's Lobby
Women's Rights Committee
Women's Rights Projects
Wonder Woman Foundation
Working Women's Institute
Zeta Delta Phi Sorority, Inc.
Zeta Phi Beta

APPENDIX 2

LETTER FROM THE CITIZEN'S COUNCIL ON EARNINGS SHARING TO NONGOVERNMENTAL INTEREST GROUPS

CITIZENS' COUNCIL ON EARNINGS SHARING
1325 G Street, N.W., Lower Level B, Washington, D.C. 20005
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———
Janet Wells
Director

July 18, 1984

Dear Colleague:

You may have recently received a copy of the enclosed invitation from the Research Triangle Institute (RTI) asking for your opinions on the treatment of women under Social Security. I am sending this letter to alert you to the survey's background and intended use so you can avoid potential pitfalls in answering it. In addition, I am enclosing some materials which may help you respond to the survey if your organization has not previously studied or taken positions on Social Security and women.

Any non-governmental organization may reply to the survey, whether or not it received a notice from RTI. RTI has extended the deadline for responses to August 15.

RTI undertook the survey under a contract with the Social Security Administration (SSA), which plans to include it in the Department of Health and Human Services' study of earnings sharing authorized in the 1983 Social Security Amendments. As those know who have studied the inequities in Social Security caused by the changing roles of men and women, earnings sharing has been recommended for a decade as a reform. By combining the earnings records of a husband and wife during the years they were married (whether or not both were employed) and dividing them equally to determine benefits for each spouse, earnings sharing would assure that married homemakers were never without the protection of a Social Security record. It would provide more adequate benefits for homemakers who became widowed, divorced or disabled and greater equity for two-earner couples.

Congress intended the HHS report, which was not delivered on its July 1 deadline, to expedite Congressional consideration of earnings sharing legislation by evaluating its impact and cost. SSA decided to take the mandate a step further and to conduct a survey that would indicate which reforms would have widespread political acceptability. (To do this, RTI proposes to cross-tabulate responses by the size and "political views" of the organization responding.) SSA is delaying publication of the HHS report, in part, to conduct the survey.

Several members of Congress and numerous organizations representing women, the aging and labor have strongly opposed the survey as inappropriate and as an attempt to politicize the earnings sharing study. It asks groups to make decisions on priorities for reform without the benefit of the comprehensive evaluation of earnings sharing proposals which HHS was to have delivered to Congress July 1. Moreover, the delivery of the invitation to comment less than a week before the deadline has undoubtedly discouraged many from participating.

However, because RTI plans to solicit a "spectrum of political viewpoints, i.e., 'liberal' and 'conservative,'" and because the results will be used to gauge political support for certain kinds of reforms, you may want to take time to respond to the survey. Your reply could be in the form of a letter affirming your organization's support for increased Social Security protection for homemakers and greater equity for working women and two-earner couples.

RTI may be inclined to treat similarly worded responses from different organizations as one response for the purpose of compiling its statistical analysis. With that in mind, however, you should feel free to adapt the enclosed materials in any way that suits your needs.

If you need more information, please call me at 783-6686 or 966-7760.

Sincerely,

Janet Wells

Janet Wells

CITIZENS' COUNCIL ON EARNINGS SHARING
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Janet Wells
Director

A GUIDE TO RESPONDING TO THE RESEARCH TRIANGLE INSTITUTE SURVEY OF THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY

On July 3, 1984, the Research Triangle Institute (RTI), a private research organization under contract to the Social Security Administration (SSA), sent out a solicitation of non-governmental interest groups' opinions on the treatment of women under Social Security. The notice invites organizations to submit:

(1)their opinions on the most important issues that should be addressed concerning the treatment of women under Social Security, and

(2)a priority ranking of the kinds of changes that are needed in the system to address these concerns.

Groups also were invited to submit previously published statements on the issue and were asked to include a description of their organization.

RTI has extended the deadline for submission of responses until August 15.

The following information has been developed to help organizations which have not previously studied or developed positions on this issue to respond to the survey and avoid some pitfalls that are inherent in RTI's plans for analyzing it. Groups should be particularly cautious in responding to question #2 asking for a ranking of priorities for changes in the Social Security system. As we show below, there are numerous problems in the Social Security system which SSA should be addressing. It is less likely to do so if interest groups assign them low priority.

1. The most important issues concerning the treatment of women under Social Security.

Below are some problems which government reports and interest groups have identified as weakening Social Security's protection for women. These issues are NOT listed in any particular order of priority or importance. In each case, hundreds of thousands of women and their dependents suffer from inadequacies in the system caused or exacerbated by social and demographic change or employment discrimination. Research currently being conducted should demonstrate how earnings sharing legislation would address these problems.

(a) Social Security retirement benefits are based on workers' 35 highest earning years. Women who are employed less than 35 years have their records rounded out with zeros that lower their benefits. The "zero years" are a price many women pay for being wives and mothers.

(b) A divorced woman can collect a Social Security benefit on her former husband's record only if the marriage lasted at least 10 years. Even then, the spousal benefit is so small (half the husband's) that she is likely to live in poverty if that is her major source of income.

(c) Recency-of-work and length of employment requirements mean many homemakers do not qualify for disability or survivor benefits, even though the disability or death of a homemaker can greatly increase a family's financial needs. Many homemakers who would otherwise qualify for disability benefits do not receive them because of the stringency of Social Security's test of disability for homemakers.

(d) Many widowed and divorced homemakers and employed married women are disabled before they have been in the workforce long enough to qualify for disability benefits. Or the benefit they qualify for is miniscule because they have a short work record, have worked for low pay and have many zero years in their records.

(e) The "dual entitlement" provision of Social Security permits a worker to draw a benefit based on her own work record or her spouse's, whichever is higher. Today, two-earner couples regard the dual entitlement as unfair because one-earner couples with the same income draw a higher benefit. Many divorced and widowed homemakers and married women who enter the workforce late in life resent paying Social Security taxes on their small salaries when they know they will draw benefits on their husband's record. Such women see no increase in their retirement income as a result of their contributions to the system (although after five years they do have disability protection).

(f)Widows who do not have dependent children under 16 are often faced with a "widow's gap" after the death of their husband--a period of years in which they are not eligible for Social Security benefits unless they are totally disabled, when they are ineligible for public assistance, and when it may be difficult or impossible for them to make a swift transition to the workforce.

(g)Two benefits which were particularly important to women--the minimum benefit and the dependent student allowance--have been eliminated.

2. RTI request for priority ranking of changes in the system to address these concerns.

Congress, federal agencies and advocates for women and the aging have been concerned about these problems in the Social Security system for more than a decade. A number of proposals for reform have been made. Prominent among recommended reforms has been earnings sharing, a plan to treat marriage as an economic partnership, combine the earnings records of a husband and wife, and divide their earnings to determine benefits for each.

To expedite consideration of earnings sharing legislation, Congress directed the Department of Health and Human Services in 1983 to conduct a thorough study of earnings sharing's impact on various beneficiaries and to recommend protections (including a transition period) for those who might see a decline in benefits under an earnings sharing system.

In directing HHS to come up with proposals for earnings sharing legislation, Congress did not ask the agency to decide which of the many needs that are currently unmet by Social Security are a priority of interested organizations. Nor did it ask HHS to test the political acceptability of each proposed change by cross-tabulating organizations' perspectives with their size and political views. But RTI is doing this.

Given SSA's charge to develop a comprehensive reform package, the ranking of priorities for change in the system would be inappropriate. All of the concerns above are priorities, earnings sharing shows promise of alleviating many of the problem and SSA should move expeditiously in producing the study Congress mandated. That study, already overdue, should show how earnings sharing could be implemented to address the needs that have been cited.

APPENDIX 3

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APPENDIX D
LONG-RANGE COSTS

Summary of OACT Method for Cost Estimates

The cost estimates shown in this report were produced under the close cooperation and coordination of SSA's Office of the Actuary (OACT) and the Office of the Assistant Secretary for Planning and Evaluation. The cost estimating procedure began with an estimate of the cost of present law, then used the change in cost as estimated by DYNASIM in 2030, and finally estimated the effect of the transition and phase-in provisions.

For the estimate of the cost of present law, OACT used the Alternative II-B projections as shown in the 1984 Annual Report of the OASDI Board of Trustees, which is generally referred to simply as the Trustees Report. The key long-range or ultimate demographic and economic assumptions used in Alternative II-B include an average annual growth in wages of 5.5 percent, an average annual growth in the CPI of 4.0 percent, an average annual unemployment rate of 6.0 percent, a total fertility rate of 2.0 children per woman, and a life expectancy at birth for both men and women that increases by about 6 years by the year 2060. The projections also assume rates of marriage and divorce that remain near recent levels. This results in a projected increase in the proportion of the population which is divorced or never married, and a decrease in the proportion widowed. The projected average cost of the OASDI program over the 75-year period 1984 through 2058 based on Alternative II-B assumptions is 12.95 percent of taxable payroll.

The projected cost of the OASDI program was estimated in detail by calendar year, type of benefit, and sex and marital status of the beneficiary. Benefits were classified into 22 types including: retired worker only; retired worker dually entitled to a spouse's benefit; retired worker dually entitled to a surviving spouse's benefit; disabled worker; young spouse; aged spouse; surviving spouses by young, disabled, or aged; children of retired, deceased, or disabled workers; etc. Marital status was classified as never married, currently married, currently widowed or currently divorced.

The coordination of OACT cost estimates and DYNASIM results began with DYNASIM's use of the key demographic and economic assumptions that were used in the preparation of the 1983 Trustees Report and which are essentially the same as those used in the 1984 Trustees

Report. This assured some consistency between DYNASIM distributional results and OACT present law projections. The next step in the coordination process was that OACT used DYNASIM distributional results for the year 2030 for each of the 22 types of benefit classifications, broken down separately by sex and marital status.

The final step in OACT's cost estimating method involved taking account of the year-by-year effect of the phase-in and transitional provisions. For cost estimating purposes, the term "phase-in" refers to the gradual effect on benefits of beginning the sharing of earnings in 1990, while the term "transition" refers to the guarantees providing benefits over and above those calculated with shared earnings (even when shared earnings comprise only part of a worker's earnings history).

It would take many years for the full impact of the phase-in to take effect and for the transition to lose its effect. If earnings sharing were to begin in 1990, it would take roughly 45 years (or until 2035) before all the newly entitled beneficiaries would have benefits calculated on an earnings history which would be determined fully under earnings sharing. Then it would take another 35 years before all beneficiaries would be fully affected. Thus, earnings sharing would not be fully effective until about the year 2070. (Likewise, a transition period that would last until 2030 for newly entitled beneficiaries would not fully lose effect until about 2070.)

Cost Tables

The following two tables show long-range net costs of the earnings sharing plans and the incremental options that were analyzed in this report.

TABLE 1

Long-Range Net Costs of Various Earnings Sharing Plans [a]
(shown as percent of taxable payroll)

	1984-2008	2009-2033	2034-2058	Total 1984-2058
Plans Using Transition I				
Generic Earnings Sharing Plan [b]	0.07%	0.38%	0.60%	0.35%
Modified Generic Plan	0.10	0.75	1.34	0.73
No-Loser Plan	0.10%	0.97%	1.93%	1.00%
Plans Using Transition II				
Generic Earnings Sharing Plan	-0.02%	-0.06%	-0.02%	-0.04%
Modified Generic Plan	0.03	0.37	0.76	0.39

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[a] Net cost is defined as the additional cost during the specified period minus the additional income due to the taxation of benefits provision during the same period. Estimates are based on 1984 Trustees Report, Alternative II-B assumptions.

[b] The long-range (1984-2058) net cost of the generic earnings sharing plan with the alternative method of providing disability protection would be 0.37 percent of taxable payroll.

TABLE 2

Long-Range Net Cost of Incremental Options [a] (shown as percent of taxable payroll)

	Option	Net Cost
INCREASE PROTECTION FOR WIDOWS		
A.	Use Deceased Spouse's Earnings to Compute a Worker's Benefit	
	-- Primary: Inherit for years of marriage only	0.42%
	-- Alternative: Combine all years of earnings	0.54
B.	Pay Surviving Spouse Two-Thirds of the Combined Worker's/Survivor's Benefit	0.42
C.	Provide an Adjustment Benefit for Certain Widow(er)s	0.01
D.	Pay 100 Percent of the Deceased Worker's Basic Benefit to Disabled Widow(er)s at Any Age	0.01
E.	Modify Eligibility Requirements for Widow(er)'s Disability Benefits	
	-- Primary: Extend 7-year requirement by 3 months for each quarter of coverage	[b]
	-- Alternative: Extend 7-year requirement to 10 years	[b]
F.	Modify Definition of Disability for Widow(er)s	0.01
G.	Include a Surviving Spouse's Own Delayed Retirement Credits in the Widow(er)'s Benefit	0.02
H.	Increase Benefits for the Very Aged	0.15

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[a] Long-range net cost is defined as the additional cost over the 75 years 1984-2058 minus the additional income due to the taxation of benefits provision over the same period. Estimates are based on 1984 Trustees Report, Alternative II-B assumptions.

[b] Less than 0.005 percent of taxable payroll.

Option	Net Cost
INCREASE PROTECTION FOR WORKING WOMEN	
I. Modify Dual Entitlement Provisions	1.29%
J. Provide a Working Spouse's Benefit	0.93
K. Provide Childcare Dropout Years	
-- Primary: Exclude childcare dropout years after regular dropout years	0.07
-- Alternative: Combine regular dropout years and childcare dropout years	0.16
L. Provide Childcare Increment Years	0.17
M. Provide Childcare Credits in Calculating the Special Minimum Benefit	
-- Primary: Price index special minimum benefit for years before eligibility or death	0.01
-- Alternative: Wage index special minimum benefit for years before eligibility or death	0.03
N. Modify Disability Insured Status Requirements	c/
INCREASE PROTECTION FOR DIVORCED WOMEN	
O. Increase Divorced Spouse's Benefits	c/
P. Reduce the 10-Year Duration-of-Marriage Requirement	0.06
Q. Provide Divorced Workers with Additional Dropout Years for Nonwork Years	0.03
R. Permit Voluntary Earnings Sharing as Part of a Divorce Settlement	d/
INCREASE PROTECTION FOR HOMEMAKERS	
S. Provide Homemaker Credits	d/
T. Provide Disabled Spouse's Benefits	0.02

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c/ Less than 0.005 percent of taxable payroll.

d/ Costs cannot be estimated because of the nature of the option.

APPENDIX E
POLICY OPTIONS

Introduction

Spouse's and widow's benefits provide a high degree of protection for women in certain situations under present law. This protection would not necessarily be duplicated under an earnings sharing system and some women would get lower benefits than they do now. In addition, earnings sharing always results in lower benefits for married higher earners, which can create financial hardship in certain circumstances, for example, when the higher (or sole) earner becomes disabled. Thus, in devising an earnings sharing plan, a policymaker would be presented with several hard decisions about whether, and how, to avoid or minimize any harsh effects resulting from the redistribution of earnings credits without destroying the gains in equity that earnings sharing is designed to achieve.

This appendix is intended to highlight the major policy decisions that would have to be made in developing an earnings sharing plan. Although the issues presented here are discussed at various points throughout the body of the report (so that some of what follows repeats what has been said previously), the issues are not laid out in previous chapters in a manner that clearly points up where critical choices must be made. These issues are:

- Should any auxiliary benefits for spouses be retained in an earnings sharing system?
- Should special provisions be made for surviving spouses?
- Should a benefit be paid to surviving spouses age 60-61?
- When should earnings sharing stop in retirement cases for married couples?
- When should earnings sharing stop in disability cases for married couples?
- Should insured status for Social Security benefits, including disability insured status, be based on earnings credited to the potential beneficiary's record after sharing or inheritance?
- Should benefits for children and the limit on family benefits be based on the retired, disabled or deceased person's record, including shared or inherited earnings?

The discussion of each issue presented here covers both philosophical considerations concerning whether or not the particular alternative adheres to the earnings sharing idea and practical considerations concerning the effect of the alternative on Social Security protection for various groups.

Issue: **Should any auxiliary benefits for spouses be retained in an earnings sharing system?**

Background: Under present law, auxiliary benefits are available to various members of a worker's family who are normally supported by the worker's earnings and who lose a source of support when the worker retires, becomes disabled or dies. These family members include the worker's aged spouse (or surviving spouse) who does not receive a worker's benefit that exceeds the auxiliary benefit, the worker's spouse (or surviving spouse) who is caring for the worker's children who are entitled to benefits (child-in-care benefits), the worker's surviving spouse age 60-61 or age 50-59 and disabled, and, in certain circumstances, the divorced spouse (or surviving divorced spouse). Auxiliary benefits are based on the worker's earnings and are generally not available to the auxiliaries until the worker becomes entitled to benefits or dies. 83/

Alternative 1: No auxiliary benefits for spouses should be retained. (This approach is incorporated in the generic earnings sharing plan.)

Discussion: Elimination of auxiliary benefits is fundamental to the philosophy underlying earnings sharing. Under an earnings sharing system, Social Security benefits would not be payable to the worker's spouse or surviving spouse unless the spouse were also retired or disabled. Each person would be treated as a worker who is entitled to Social Security benefits based on his or her lifetime work regardless of whether this work was covered employment or unpaid work in the home. Retirement or disability benefits would be available to all adults (under present law eligibility criteria) based on any earnings credits that they had from their own work while unmarried plus earnings credits based on years of marriage.

83/ The 1983 amendments provided that divorced spouses may receive auxiliary benefits at age 62 when the ex-spouse becomes age 62.

This approach generally would result in higher Social Security benefits for many women, especially for those married and divorced women who work for pay for a considerable portion of their lives, because they would be able to combine credits from their paid work with credits from their years of marriage to increase their Social Security benefits. 84/ Unpaid work in the home would be recognized because the homemaker would be credited with one-half of the paid spouse's earnings credits. These credits would be used to provide Social Security protection for the homemaker under the same conditions as protection is provided for paid workers.

Potential Problems: Some groups of women would get substantially lower benefits than under present law. Since all auxiliary benefits would be eliminated, widows age 60-61 would no longer be able to get benefits because benefits are not available for workers until age 62. In addition, women entitled under present law because they are caring for entitled children would no longer be able to get benefits. Also, benefit levels could be lower than present law levels for some surviving spouses, especially those without significant periods of paid work.

Alternative 2: No auxiliary benefits for spouses and surviving spouses would be retained except for "child-in-care" benefits. (This approach is used in the modified earnings sharing plan.)

Discussion: This alternative is not fully consistent with the underlying philosophy of earnings sharing because auxiliary benefits would be provided for some adults based on their spouse's earnings record. As under present law, the benefit paid to the worker would be supplemented by auxiliary benefits for his or her spouse who chose to care for the children rather than work for pay.

An argument can be made for retaining benefits under earnings sharing for unpaid spouses who choose to care for children on the grounds that childcare is an important social activity which contributes to the general well-being and that people should be allowed to choose this function without penalty.

Potential Problems: It should be pointed out that, although the child-in-care benefit has great symbolic value, in most cases, because it is restricted by the overall limitation on family benefits, the amount of the child-in-care benefit is not enough to

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84/ As described in some detail in Chapter I, under present law, the amount of the spouse's benefit is offset dollar-for-dollar by the amount of the worker's benefits.

allow the beneficiary who has no other source of support to remain at home. At the end of 1980, 1,115,000 women were receiving an average of $179 a month in Social Security benefits because they had the child or children of a deceased, retired or disabled worker in their care.

Retention of child-in-care benefits also might work to limit subsequent retirement benefits of the women who would receive these benefits. This effect could occur because the years that the beneficiary would remain at home and receive child-in-care benefits would count as years of zero (or low) earnings when the retirement benefit was computed. (These years would be zero years, or low years, because in order to receive child-in-care benefits, the beneficiary's spouse must be retired, disabled or deceased, and thus would have no earnings to share. Also, because of the Social Security earnings test, the beneficiary could not have substantial earnings of her own. 85/) These years would depress the beneficiary's average earnings, which would be used to compute the amount of the retirement benefit. Thus, although benefits would be ostensibly provided to enable a person to choose to remain at home to care for children, this choice would not be without penalty because the person who would make such a choice would "pay" for it by receiving lower retirement benefits.

Alternative 3: Maintain auxiliary benefits for spouses. (This approach is used in the no-loser plan.)

Discussion: In the no-loser earnings sharing plan, the problems that would otherwise result from eliminating all auxiliary benefits would be overcome by maintaining all auxiliary benefits for spouses and surviving spouses and paying such benefits whenever they exceed the earnings sharing benefit. (Present law worker's benefits would also be maintained if higher than the earnings sharing benefit under the no-loser plan.)

Potential Problems: No one under this alternative would get a Social Security benefit that would be less than he or she would have received under present law; some people (mostly women) would get higher-than-present-law benefits. This option incorporates the philosophy of earnings sharing for married couples only when doing so would result in a higher Social Security benefit. In

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85/ Under the earnings test, a beneficiary under age 65 can have earnings up to the annual exempt amount--$5,400 a year in 1985--without losing any benefits. For earnings over this amount, $1 of the benefit is withheld for every $2 of earnings.

cases where earnings sharing would result in a lower benefit, a present law benefit based on presumed dependency would be paid instead. Because this option would maintain the auxiliary benefit for spouses, it would not eliminate the difference in benefit levels for one- and two-earner couples.

Issue: Should special provisions be made for surviving spouses?

Background: Under present law, widow(er)'s benefits are based on the worker's full earnings record. As previously noted, the benefit for a widow(er) at or after age 65 is equal to 100 percent of the worker's full benefit amount. Benefits are available as early as age 60 and are reduced if taken before age 65. (In any case, the benefit is limited to the amount the worker would be getting if he or she were still alive.)

Alternative 1: Make no special provision for survivors. (This approach is not used in any plan.)

Discussion: From a philosophical standpoint, it may seem appropriate to make no special provision for surviving spouses under earnings sharing. This approach is fully consistent with the philosophy of earnings sharing. Under a pure earnings sharing plan, each individual would receive a Social Security benefit based on his or her own earnings while unmarried and one-half of the couple's earnings while married.

Potential Problems: Although this method of figuring benefits would provide equal benefits for survivors of one- and two-earner couples, these benefits would be lower than present law benefits for almost all widows. Available data indicate that the husband usually earns more than one-half of the couple's earnings and sometimes all of the couple's earnings. For example, in 1983, the husband earned more than half the total earnings in 78 percent of families where both husband and wife had earnings. 86/ In addition, since women generally earn only 64 cents for every dollar men earn, the husband usually earns more than the wife in years before or after the marriage. As a result, in most cases the benefit based on one-half of the couple's earnings during the years they were married, plus all the wife's earnings while she was unmarried, would be lower than the benefit based on the deceased husband's or former husband's full earnings record as under present law. (Although widowers may receive benefits based on their deceased spouses' earnings, very few actually claim them.

86/ Unpublished data from the 1984 Current Population Survey, tabulated by the Office of Research, Statistics and International Policy, SSA.

Thus, the major impact would be on widows.) Table 1 shows the effect of earnings sharing with no special provision for widow(er)s on a survivor with no covered earnings.

Table 1

	Benefits for Survivors			
	Present Law		Pure Earnings Sharing	
	AIME	Benefit	AIME	Benefit
Decedent	$1,800	--	*	--
Survivor	0	$ 698	$900	$ 442

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* Earnings have been shared but the decedent's AIME ($900) is irrelevant for purposes of determining the widow(er)'s benefit amount.

Under this approach, there would be no difference in the protection afforded a spouse or surviving spouse. Thus, in almost all cases the widow would get benefits equal to one-half, or less, of the amount of the total benefits the couple had for support before one spouse died. As previously noted, many consider this reduction to be too severe. This approach was not used in any of the plans because of the overwhelmingly negative effects on widow's benefit levels.

Alternative 2: Widow(er)s, but not surviving divorced spouses, could be allowed to inherit their deceased spouses' half of the earnings credits from the years of marriage. (This approach is not included in any plan.)

Discussion: Allowing inheritance would be consistent with the idea of marriage as an economic partnership that underlies earnings sharing. Benefits for married people would be based on the couple's earnings during years of marriage and the individual's earnings in other years. Because benefits would be based on the couple's total earnings during years of marriage, rather than on half of those earnings, benefits for widows would be higher with inheritance. In addition, this approach is consistent with the idea that the economic partnership of marriage is ended by divorce and that the economic well-being of a divorced person should not be affected by what happens to the ex-spouse after the divorce. Using this approach, the divorced spouse would get one-half of the earnings credits during years of marriage at the time of divorce. However, when one ex-spouse dies, one-half of the couple's earnings credits during the years of marriage would be "lost." These credits could neither be inherited by the surviving divorced spouse nor by any subsequent spouse of the deceased person.

As shown in Table 2, this approach would result in benefits for some survivors of two-earner couples that would be higher than present law. Under present law, a survivor may receive a survivor's benefit based on the deceased spouse's earnings as well as a worker's benefit based on her (or his) own earnings. However, because of the dual entitlement provision, the Social Security protection for survivors under present law may be duplicative instead of additive. Under the option, Social Security protection would be additive.

Table 2

Benefits for Survivors
of One- and Two-Earner Couples
Under Present Law and
Under Earnings Sharing with Inheritance

	Present Law		Inheritance	
	AIME	Benefit	AIME	Benefit
Couple A				
Decedent	$1,800	--	--	--
Survivor	0	$ 698	$ 1,800	$ 698
Couple B				
Decedent	$ 900	--	--	--
Survivor	900	$ 442	$ 1,800	$ 698

Potential Problems: While consistent with a strict adherence to earnings sharing principles, this approach would have disadvantages. For example:

1. Lack of inheritance of the deceased former spouse's earnings would result in benefits lower than under present law for surviving divorced wives; half the couple's earnings during years of marriage plus the divorced spouse's own earnings for other years would be less than all of the former spouse's lifetime earnings on which the divorced spouse's benefit would be based under present law.

2. Divorced men who were higher earners during their marriages and outlived their former wives would generally have lower benefits both before and after the death of the former spouse because as higher earners they would give up credits at divorce and not inherit them back when the former spouse died. This reduction would be permanent regardless of whether the divorced spouse ever collected Social Security benefits.

The decrease in benefit amounts for divorced women would be partially offset by the fact that most of them would get benefits that were higher than present law while the ex-spouse was still alive. (The division of earnings credits at divorce would generally increase their retirement benefits because these credits would be higher than their own earnings and they could add the credits to their own earnings in years outside of the marriage.)

This alternative also would result in benefits that were lower than present law for some widows with less than lifelong marriages. The widow's earnings in the years when she was not married, which would be used to compute benefits under the option, would likely be lower than the earnings her husband had in those years, which would be used to compute benefits under present law. For survivors of two-earner couples, this effect often would be offset, at least partially, by the fact that both spouses', rather than just the deceased spouse's, earnings during the years of marriage would be used in the computation. However, survivors of couples where the deceased spouse had all, or most, of the earnings during the marriage would be more likely than survivors of two-earner couples to have benefits that would be lower than present law.

Alternative 3: Allow surviving divorced spouses as well as widow(er)s to inherit their deceased spouses' earnings credits for the years of marriage. (All three plans use this approach.)

Discussion: Widow(er)s and surviving divorced spouses would be treated the same with respect to inheritance. As a result, protection for surviving divorced spouses would be enhanced.

Potential Problems: This approach would be inconsistent with the idea that the economic partnership of marriage ends at divorce. The principles underlying earnings sharing would be sacrificed in order to provide higher, more adequate, benefits for surviving divorced spouses. This would be consistent with present law in that treatment of widow(er)s and surviving divorced spouses would be the same.

Alternative 4: Allow widow(er)s and surviving divorced spouses to inherit their deceased spouses' earnings credits for the years of marriage and also pay the surviving spouse the higher of the present law survivor benefit or the benefit based on inherited earnings credits. (This approach is used in the no-loser plan.)

Discussion: The no-loser earnings sharing plan uses the inheritance mechanism as a device to increase benefits for some survivors of two-earner couples. In cases where inheritance would produce a lower benefit, present law dependency-based benefits would be substituted.

Potential Problems: This approach would sacrifice the gains in equity achieved by earnings sharing in order to maintain at least the present law level of benefits for all widows.

Issue: Should a benefit be paid to surviving spouses age 60-61?

Background: Under present law, auxiliary benefits are payable to a worker's surviving widow(er) who is age 60 or older, or age 50-59 and disabled. Retirement benefits for workers and benefits for aged spouses are not available until age 62.

Alternative 1: Provide no special benefits prior to age 62 for people who are widowed. (This approach is included in the generic earnings sharing plan.)

Discussion: This approach is fully consistent with the philosophy of earnings sharing. Entitlement to Social Security benefits would not be based on dependency (or deemed dependency). Rather, each person would be treated as a worker who is entitled to Social Security benefits based on his or her own lifetime work regardless of whether this work was covered employment or unpaid work in the home. Thus, retirement benefits would first be available at age 62, regardless of the marital status of the individual, and disability benefits would be available at any age.

Potential Problems: Women 87/ who become widows before reaching age 62 would receive lower benefits than under present law because no retirement benefits would be available at age 60. Women who would have taken benefits at age 60 would have to wait an additional 2 years before becoming eligible for Social Security. Thus, the length of the so-called "widow's gap" would be increased.

87/ Widowers may receive benefits based on their deceased spouses earnings at age 60; however, very few actually claim them. Thus, the major impact would be on women.

One way to eliminate this benefit loss and still be consistent with earnings sharing principles would be to reduce from age 62 to age 60 the age at which retirement benefits are available for everyone. If this were done, widows would be able to claim benefits at the same age they can under present law, but retired workers who do not qualify for widow(er)'s benefits would be able to claim worker's benefits 2 years earlier than they can under present law. Such a change would likely be a very costly modification that would have implications far beyond providing more equitable or adequate benefits for widows.

Alternative 2: Provide a special 2-year adjustment benefit for surviving spouses under age 62. (This approach is used in the modified plan.)

Discussion: Under this approach, a new kind of benefit would be added to the Social Security program. A special "adjustment benefit" would be payable to a surviving spouse for any 24-month period after the worker's death and before the survivor reaches age 62. In order to receive the benefit, the survivor would have to be unmarried and not have substantial earnings. 88/ The benefit would be based on the deceased worker's present law basic benefit amount. The amount would depend on cost factors, but a benefit equal to 71.5 percent of the worker's basic benefit would be equivalent to the amount available as a present law widow's benefit that begins at age 60.

The intent of this new adjustment benefit would be to alleviate the problems faced by women who are primarily homemakers and who lose their major source of support through the death of their spouses. A person could choose to receive the benefit during the period immediately following his or her spouse's death in order to have a period of time to find a job or make other arrangements to adjust to the changed circumstances. A person who had insurance to provide income immediately following the spouse's death could delay receipt of the benefits for some time. Others who might not need the immediate income could choose, instead, to receive the benefits at age 60 enabling them to retire 2 years earlier than would otherwise be possible. Thus, widows would have the flexibility of deciding the period over which the adjustment benefit would be paid depending on their individual circumstances.

88/ The benefit would be subject to the earnings test so that if the survivor had subsantial earnings, the benefit would not be paid.

An adjustment benefit could just as easily be added to present law, and it would serve essentially the same purpose under the present system. However, adding an adjustment benefit to present law would increase costs significantly. Providing an adjustment benefit under earnings sharing, on the other hand, would likely be inexpensive because the cost of the new benefit would be offset by the saving from eliminating aged widow's benefits for those age 60 and 61.

Potential Problems: This approach is not consistent with the basic philosophy of earnings sharing to the extent that the adjustment benefit could not be considered a worker's benefit; instead, it would be an auxiliary benefit paid to survivors.

Alternative 3: Retain present law benefits for survivors age 60 and 61. (This approach is included as one facet of the no-loser earnings sharing plan, which would retain all present law benefits if they would be higher than earnings sharing benefits.)

Discussion: This approach would have the advantage of targeting benefits to what is generally perceived as a sympathetic group.

Potential Problems: This alternative is inconsistent with the philosophy of earnings sharing because special auxiliary benefits would be paid to some adults on the basis of presumed dependency, and these benefits would be based on lifetime earnings, rather than earnings during years of marriage. The earnings sharing principles would have to be modified in order to assure that widows aged 60 and 61 would get at least as much in benefits under earnings sharing as they would under present law.

This approach could create inconsistencies in benefits--present law amounts available for people age 60-61 would be higher in some cases than benefits under earnings sharing that would be available for people at age 62. These inconsistencies, commonly termed "notches," could be eliminated if this approach were combined with a proposal to guarantee that benefits for widows 62 and older would be as high as, or higher than, present law levels. Of course, as previously noted, such a plan would sacrifice the gains in equity achieved by earnings sharing in order to maintain at least the present law level of benefits for all widows.

Issue: When should earnings sharing stop in retirement cases for married couples?

Background: Earnings sharing plans generally provide that earnings would be shared only for years of marriage. If one member of a married couple died prior to retirement age, there would be a clear date for terminating earnings sharing. However, if the marriage were intact when one member reached retirement age, there would be questions about when to stop earnings sharing because of the effects of the Social Security earnings test. Of course, if the current earnings test were eliminated in retirement cases, earnings sharing could apply for every year of marriage. In disability cases, other rules would have to apply. (See following policy option.)

Alternative 1: Earnings could be shared for every year of marriage. (This approach is not used in any of the plans.)

Discussion: A literal application of earnings sharing principles would dictate that couples should share earnings for every year of marriage regardless of whether either spouse had reached retirement age.

Potential Problems: If intact married couples were to continue to share earnings after one spouse had claimed benefits, the earnings credited to the nonworking spouse's record because of sharing would make it appear as if he or she had additional earnings of his or her own. These earnings could significantly affect the benefit amount received by the nonworking spouse; they could trigger benefit increases for the nonworking spouse (through benefit recomputations and delayed retirement credits) but more important, such earnings could result in withholding of benefits for the nonworking spouse because of the earnings test. Consequently, one spouse could be effectively prevented from getting Social Security benefits as long as the other spouse were working. The only way to overcome these adverse effects, short of eliminating the earnings test, would be to develop a complex mechanism to distinguish "real" earnings from shared earnings.

Alternative 2: Earnings sharing could be terminated when the first member of a married couple became entitled to retirement benefits. (This approach is used in the modified plan.)

Discussion: In order to be entitled to Social Security benefits, a person must file an application for benefits for which he or she meets all the eligibility requirements. Under this approach, one spouse could receive Social Security benefits without being adversely affected by the earnings of the other spouse. However, if there were a considerable number of years between the times the first and second spouse began to draw benefits, the benefits for each would reflect their total earnings for only a portion of their marriage. The effect would vary depending on individual circumstances. For example, a lower earner could get higher benefits than would be available under present law upon reaching retirement age, but the benefit amount would not be affected by the other spouse's earnings after that time. The other spouse's eventual retirement benefit would reflect full, unshared earnings for years after the lower earner retired. In many cases, use of these years of unshared earnings would significantly advantage the spouse retiring later. Whether the advantage to the spouse retiring later would outweigh the disadvantage to the spouse retiring earlier would depend on a number of factors, including the length of the marriage, the relationship of later earnings levels to earlier earnings levels and the number of years passing between the retirement of the spouses.

Potential Problems: Since entitlement to retirement benefits is, to a large extent, under the control of the individual, some couples would probably be able to manipulate the system by timing their applications for retirement benefits. To elaborate on the above example, a sole earner might, under this option, file for benefits even though the earnings test would preclude payment of the benefits, so that his homemaker spouse could receive benefits based on shared earnings for years of marriage up to that point. Since his earnings would not be shared subsequent to filing, those earnings could increase his eventual benefit.

Alternative 3: Terminate earnings sharing as soon as one member of a couple reaches age 62. (The generic earnings sharing plan and the no-loser earnings sharing plan would terminate sharing when the first member becomes eligible for benefits.)

Discussion: The point at which a person attains age 62 (or becomes disabled) cannot be controlled by the individual. Consequently, under this alternative, couples would be less able to manipulate the system by timing their applications for retirement benefits than under alternative 2. Under this alternative, when the first spouse became eligible for benefits, that is, reached retirement age or became disabled, he or she could begin drawing these benefits, and the amount would not be affected if the other spouse continued to work.

Potential Problems: As under the previous alternative, stopping earnings sharing when the first member of the couple reached age 62 would mean that benefits for each would not reflect shared earnings for the entire marriage. However, the effects could be viewed as more objectionable because the couple could not avoid them as they could under alternative 1. Of course, the effect on individual couples would vary depending on their specific circumstances. For example:

1. If the homemaker were considerably younger than the sole earner and earnings were not shared after the sole earner reached age 62, even though he continued working, some years of zero earnings would be included in the average on which her benefit eventually would be based. These years of zero earnings would serve to lower the homemaker's average earnings and thus the benefit amount. Of course, the sole earner's benefit would be higher than it would have been if earnings had been shared for the years he continued to work after age 62; consequently, the couple's total benefit often would not be affected significantly.

2. If the homemaker were older than the sole earner, earnings could not be shared after she reached age 62 even though he continued working. Although she would receive a benefit at age 62 under earnings sharing that she could not have received under present law, in this kind of case it sometimes would be more advantageous to the homemaker if earnings could continue to be shared.

Issue: When should earnings sharing stop for married couples if one spouse becomes disabled?

Background: Earnings sharing plans generally provide that earnings would be shared for years of marriage. When one spouse becomes disabled, however, choices must be made about whether and when to stop earnings sharing. In making these decisions, one must consider how the choice would affect disability benefits as well as future retirement benefits.

Alternative 1: Earnings could be shared for every year of marriage. (No earnings sharing plan uses this approach.)

Discussion: A literal application of earnings sharing principles would dictate that couples share earnings for each year of marriage regardless of whether either spouse becomes disabled and/or files for disability benefits.

In some cases, continuing earnings sharing after one spouse became disabled would be advantageous and in some cases it would not, depending on the earnings patterns of the spouses. The most obvious case in which it would be advantageous would be if one spouse became disabled before meeting the disability insured status requirements. If the nondisabled spouse continued to work, earnings sharing could enable the disabled spouse to acquire enough quarters of coverage to become insured for disability benefits.

In other cases, the disabled worker's benefit would be increased (through benefit recomputations) to take account of shared earnings acquired after disability. However, in certain instances, the shared earnings acquired by the disabled spouse would not result in a higher benefit for the disabled worker--for example, if a recomputation was not triggered because the shared earnings were much lower than the other earnings used in the computation. (This generally would occur in cases in which there was great disparity in the earnings of the couple and the higher earner became disabled.) In such situations, continuing to share earnings could reduce the nondisabled spouse's potential benefits but would not increase the benefits of the disabled spouse.

Potential Problems: The crediting of shared earnings to the nonworking disabled spouse would not automatically result in the denial or termination of that spouse's disability benefits, but if the system could not distinguish between "earned" and "shared" earnings, the file would have to be called up and reviewed to ensure that the disabled spouse was not engaging in substantial gainful activity.

If the spouse with higher earnings became disabled and the couple shared the lower earnings of the nondisabled spouse thereafter, the earnings could be so low that neither person would be credited with a quarter of coverage. (In most cases, it would not matter if the disabled worker did not continue to earn quarters of coverage, but it certainly would be of consequence to the lower earner.) Of course, as will be discussed in the next section, this could also occur under earnings sharing with respect to a one-earner couple with very low earnings when neither spouse was disabled.

Alternative 2: Earnings sharing could be terminated when the first member of a married couple becomes entitled to disability benefits. (The modified plan uses this approach.)

Discussion: As under alternative 1, a disabled spouse who did not meet the disability insured status requirement when he or she became disabled could acquire enough quarters of coverage to be insured on the basis of the nondisabled spouse's earnings.

However, under this alternative, once the disabled spouse qualified for disability benefits, earnings sharing would stop. The nondisabled spouse would get credit for all of his or her own earnings after that point and thus would not be disadvantaged as under alternative 1. Furthermore, the disabled spouse's future benefits would be protected by the disability freeze provision--the provision that permits years of disability to be excluded in determining insured status and benefit amounts.

Potential Problems: If a decision that an individual is entitled to disability benefits were not made for a considerable length of time after the person was actually entitled (e.g., disability benefits were awarded after a lengthy appeal process), it would be necessary to revise the earnings records of both spouses to stop earnings sharing as of the date of entitlement. This retroactive revision of the earnings records could result in certain problems. For example, under some earnings sharing plans, benefits would be paid on the earnings records before the revision. The revisions could result in overpayments or underpayments.

Alternative 3: Terminate earnings sharing as soon as one member of a married couple becomes eligible for disability benefits. 89/ (The generic earnings sharing plan and the no-loser earnings sharing plan use this approach.)

Discussion: Under this alternative, earnings sharing would stop as soon as one spouse became eligible for disability benefits. The difference in "eligibility" and "entitlement" to disability benefits is generally the 5-month waiting period between the month of eligibility and the month of entitlement to benefits. (However, it is possible for the month of eligibility to precede the month of entitlement by as much as several years. 90/) This alternative is included as a policy option because stopping sharing at eligibility in disability cases would be consistent with the approach used in retirement cases under the generic and no-loser earnings sharing plans.

Potential Problems: The effects of this alternative would not be substantially different from alternative 2; while the difference in eligibility and entitlement would be a factor in retirement cases under earnings sharing because of the possibility of manipulation of filing dates (see alternative 2 in the prior issue), there would be few, if any, situations in which it would be advantageous to delay filing purposely for disability benefits.

89/ For purposes of this alternative, a person who has filed an application would be considered "eligible" for disabiity benefits as of the date he or she (a) meets the definition of disability in the law and (b) has disability insured status.

90/ The month of eligibility can precede the month of entitlement by several years in cases in which the disabled worker delays filing for benefits until several years after he or she became disabled.

Issue: Should insured status for Social Security benefits, including disability insured status, be based on earnings credited to the potential beneficiary's record after sharing or inheritance?

Background: Workers must have worked in covered employment long enough to be insured in order to qualify for retirement, survivor's or disability benefits for themselves or their families. A worker is insured if he or she has a sufficient number of quarters of coverage credited to his or her earnings record. A worker earns a quarter of coverage (up to four in a year) for each $410 91/ of wages in 1985. In general, a worker must be fully insured to qualify for retirement benefits under present law; to qualify for disability benefits a worker must not only be fully insured but also must meet a recency-of-work test. 92/

91/ This $410 amount will increase in the future as wages rise. A minimum of $400 net earnings from self-employment is needed to earn quarters of coverage based on self-employment income.

92/ A worker is fully insured if he or she has one quarter of coverage for each calendar year after 1950 (or age 21, if later) and up to the year he or she reaches age 62. A worker age 62 in 1984 needs 33 quarters of coverage to be insured; a worker reaching age 62 in 1991 and later--when the system is fully mature--must have earned 40 quarters of coverage.

In order for surviving spouses to receive auxiliary benefits, the deceased worker must have been fully insured. However, a deceased worker's children and a mother or father caring for these children can qualify for benefits if the worker is fully or currently insured. In order to be currently insured, the worker must have had at least 6 quarters of coverage during the 13 quarters preceding death or entitlement to Social Security benefits.

To be eligible for disability benefits, a worker older than 31 must not only be fully insured but, in addition, also must meet a recency-of-work test by having 20 quarters of coverage earned during the 10 years before becoming disabled. A worker disabled before age 31 must have quarters of coverage in one-half of the quarters after age 21 up to the quarter in which he or she became disabled, but, if such period is less than 12 quarters, no less than 6 quarters in the preceding 12-quarter period.

Alternative 1: Base insured status on shared and/or inherited earnings. (The generic earnings sharing plan includes this approach.)

Potential Problems: This approach would allow most homemakers to gain insured status through earnings sharing and/or inheritance.

Discussion: Earnings sharing could result in loss of insured status of the sole earner in some couples with extremely low total earnings. In order to lose any quarters of coverage for 1984, a sole earner would have to have earnings of less than $3,120; that is, he would have to earn less than one-half the full-time Federal minimum wage in 1984.

There could, of course, be an unlikely circumstance under which a worker could lose insured status by virtue of earnings sharing and the spouse might not gain insured status based on the shared credits. For example, a person age 31 could lose insured status for disability benefits if he or she had married at age 20, had worked during the 9 years of the marriage, had earned just enough to qualify for four quarters of coverage in each of those 9 years, was married to someone who did not work in covered employment during the marriage, and was divorced at age 31. After the earnings were split, each spouse would be credited with earnings which, under current rules, would yield only 18 quarters of coverage, leaving both spouses with less than the necessary 20 quarters to meet the disability recency-of-work requirement.

Alternative 2: Base insured status on the number of quarters of coverage on an individual's earnings record after earnings have been shared or inherited with a guarantee that an individual could not lose insured status as a result of sharing. (This approach is used in the no-loser earnings sharing plan.)

Discussion: This approach would avoid situations in which a worker could lose insured status as a result of earnings sharing.

Potential Problems: This approach would not be fully consistent with the philosophy of earnings sharing because in some cases after earnings were split 50-50, the worker's half of the earnings credits could provide more quarters of coverage than could the spouse's half. For this purpose marriage would not be treated as a partnership of equals. For example, suppose a young worker had earnings of $1,560 in 1984--just enough to acquire four quarters of coverage. After splitting his earnings 50-50 with the spouse, the worker and spouse each would have $780 in earnings for the year. Under this approach, if the worker were in jeopardy of losing fully insured status because of the split, the $780 on his record would still produce four quarters, while his spouse could only be credited with two quarters based on her half, regardless of whether she needed more than that to be fully insured.

This approach would complicate the administration of an earnings sharing plan because SSA would need to retain present law records concerning insured status. These records would have to be accessible so that they could be checked automatically in cases where an individual was not insured after sharing.

Alternative 3: Provide that if one spouse were insured before earnings were shared, both spouses would be deemed insured after sharing regardless of whether the shared earnings produced enough quarters of coverage to provide insured status for both of them. (The modified earnings sharing plan uses this approach.)

Discussion: This approach represents another way to avoid causing some workers to lose insured status, while maintaining the philosophy of earnings sharing by treating all individuals the same regardless of whether they got earnings credits as the result of their own work or as the result of sharing. In addition, no worker would lose insured status as a result of earnings sharing.

Potential Problems: This approach could result in "windfalls" in that a couple could receive more quarters of coverage than they had jointly earned. The couple used in the example under the previous alternative would each get four quarters of coverage for their earnings under this approach. The original $1,320 (producing four quarters under present law) earned by the worker would, in effect, produce eight quarters. While this approach would undermine the relationship between earnings credits and quarters of coverage, circumstances in which the approach would apply would happen only rarely.

Despite the fact that very few people would benefit from it, this approach would considerably complicate the administration of the program. As under the previous approach, records of present law insured status would still need to be maintained. In addition, since quarters of coverage would be "created," insured status could no longer be determined simply from an individual's earnings. Thus, a separate new system for determining insured status would be needed.

Issue: Should benefits for children and the limit on family benefits be based on the retired, disabled or deceased person's record including shared or inherited earnings?

Background: Under present law, Social Security benefits can generally be paid to the unmarried child of a retired or disabled worker entitled to benefits, or a deceased insured worker if the child is under age 18 or age 18 or over but under a disability which began before age 22. Social Security benefits can also be paid to the dependent parents of a deceased insured worker at age 62 or over. Benefits for children of retired or disabled workers equal 50 percent of the worker's basic benefit amount; benefits for children of deceased workers equal 75 percent of the worker's basic benefit amount.

The law includes a maximum family benefit (MFB) provision, which limits the amount of monthly benefits that can be paid to a worker and his or her dependents or to his or her survivors on the basis of that worker's earnings. The purpose of the MFB is to ensure that the family is not considerably better off financially after the worker retires, becomes disabled or dies than it was while he or she was working. The limit is related to the worker's basic benefit amount and is set by a formula in the law. 93/

A child who is dually entitled, that is, a child who is entitled to benefits on the basis of two workers' earnings records, is not paid both benefits. Such a child is paid only on the record that produces the higher full benefit. Since children's benefits can be reduced because of the MFB, however, the MFB's based on each worker's record are combined to yield a combined maximum family benefit (CMFB). This CMFB allows families with several dually entitled children to get higher total benefits than would be possible if the total were limited by only one MFB. For example, consider a family in which four children are dually entitled to Social Security benefits based on their parents' earnings. The MFB on the mother's record is $200, and $300 on the father's record. The CMFB would be $500. The children would be paid on the father's record because the benefits based on that record would be higher than those generated on the mother's record. After subtracting his basic benefit (say, $200) from the CMFB, the remaining $300 would be divided among the four children at a rate of $75 apiece. If the children were not dually entitled and no CMFB were applicable, each would have received $25; the father's basic benefit ($200) would be subtracted from the MFB on that record ($300), and the remainder would be divided among the children.

93/ The MFB formula for people who attain age 62 or die in 1985 is
150 percent of the first $358 of PIA, plus
272 percent of the next $159 of PIA, plus
134 percent of the next $158 of PIA, plus
175 percent of the balance of PIA.
In disability cases, the MFB is lesser of 85 percent of AIME or 150 percent PIA, but not less than PIA.

Earnings sharing would affect the amount of benefits received by children because adjusting earnings records due to shared and/or inherited earnings would change both the worker's basic benefit amount and the MFB that limits the total amount that can be paid to the worker and his or her children. In addition, the number of dually entitled children would likely increase under earnings sharing, because splitting and inheritance would cause more people to be insured for benefits and would, thus, make it more likely that children would be entitled to benefits on both of their parents' records. 94/

Alternative 1: Base benefits for children and aged dependent parents on shared and/or inherited earnings. 95/ The MFB would also be based on shared and/or inherited earnings. (This approach is used in the generic earnings sharing plan.)

Discussion: This approach would be in accord with the underlying philosophy of earnings sharing because benefits would be based on earnings records which reflected the principle that marriage is an economic partnership. Benefits would be provided for the children of homemakers, and increased benefits would be provided for children of secondary earners.

Since the amount of the MFB would also be based on shared or inherited earnings, the relationship of the total family benefit to the benefit for the individual child would be maintained. However, because no spouse's benefits would be payable, slightly more of the MFB would be available for the children's benefits.

Potential Problems: Children of divorced, retired or disabled primary workers would receive lower benefits than under present law since the benefits would be based on an earnings record diminished by earnings sharing. If the primary earner were the only earner in the couple, the reduction would be significant.

94/ The increase in the number of dually entitled children would involve mainly situations in which the mother became disabled or died or those in which the child qualified as a disabled adult child. Most women old enough (age 62) to be able to claim retirement benefits would be unlikely to have children young enough (under age 18) to qualify for child's benefits.

95/ In order to avoid virtual elimination of benefits for surviving children due to the inheritance of the deceased worker's earnings credits by a surviving spouse, a special provision would allow the earnings credits of the deceased worker to simultaneously be inherited by the surviving spouse and remain intact for purposes of computing children's benefits.

Under this option, benefits would be payable to children of homemakers at age 62. However, the additional protection for children of homemakers that would result from sharing could be offset for an individual child entitled on the basis of both parents' earnings because of the dual entitlement rules (the child could get only the higher of the two benefits). For families with several children, the CMFB would result in higher family limits. A special provision for dually entitled children could be incorporated into any earnings sharing plan that would guarantee each child a higher benefit as a result of dual entitlement.

Alternative 2: Base benefits for children and aged dependent parents on shared or inherited earnings from marriages that end in death or divorce, but on individual earnings from intact marriages. The MFB would be based on the same record used to compute the children's benefits. (The modified earnings sharing plan uses this approach when only one parent has claimed retirement benefits. 96/)

Discussion: This approach would eliminate the reduction in benefits for children that would occur under the first approach when the primary earner retired. In addition, it would virtually eliminate the philosophical problem of paying benefits in cases in which no earnings had actually been lost as would occur for "retired" homemakers under the first approach.

Potential Problems: Since benefits for dependents would be based on the individual earnings of married people, an incentive to divorce would be created when a homemaker claimed benefits (usually disability benefits) before the primary earner could retire. In addition, this approach would not solve the problem of lower benefits for dependents of divorced primary earners because earnings would be shared at divorce and benefits for children would be based on the shared earnings. In plans (such as the modified plan) in which benefits would be paid to married disabled homemakers on the basis of shared earnings, not paying benefits to their children based on those same shared earnings would be an anomaly. This approach could be revised for those plans to pay benefits to children based on shared earnings when shared earnings are used to pay the homemaker.

96/ The modified plan pays benefits to children based on the combined earnings of the parents when both parents have claimed benefits.

Alternative 3: Base benefits for children and aged dependent parents on the higher of present law or shared records. The MFB would be based on the same record as the children's benefits. (The no-loser earnings sharing plan uses this approach.)

Discussion: This approach represents a kind of philosophical hybrid in which some children would receive present law benefits yet others would receive earnings sharing benefits.

Potential Problems: For children who were dually entitled, the same earnings could, in effect, be counted twice in determining the MFB. For example, if both members of a one-earner couple and their three or four children were entitled to benefits, the worker's earnings would be shared to determine the benefits for each spouse. The children would be entitled to a full present law benefit on the basis of the worker's record and would also be entitled to an earnings sharing benefit on the basis of the homemaker's record which would be composed of one-half of the earnings of the worker. Although the children would be entitled to only the present law benefit based on the worker's record, the CMFB would apply and increase the total amount payable to the family. The CMFB in this case would be based on one and one-half times the earnings of the only paid worker.

Alternative 4: Base benefits for children and aged dependent parents on a flat rate. The MFB could be set at some multiple of this rate. (No plans use this approach.)

Discussion: All children would be entitled to the same flat benefits regardless of whether one or both of their parents were retired, disabled or dead. The amount of the flat rate could vary, if desired, based on whether the parent were retired, disabled or dead.

Children's benefits and benefits for aged, dependent parents represent one of the ways that the Social Security program meets certain goals of social adequacy--as opposed to goals of individual equity. That is, one child is unlikely to need more Social Security benefits than any other child, but a certain level is necessary for most children to achieve a set degree of social stability, regardless of whether their retired, disabled or deceased parents were high-, low- or non-earners.

The effects of benefit gains and losses for children and aged dependent parents would depend entirely upon the level at which the flat rate were set. For example, children of maximum earners might get less than they would have under present law, but children of workers who always earned the Federal minimum wage might get more. The rate would not change based on the marital status of the parents. The rate could change if, for example, a judgment were made that children of a deceased or disabled parent needed a higher benefit than the child of a retired parent.

APPENDIX F
TECHNICAL SPECIFICATIONS FOR EARNINGS SHARING

Specifications for Generic Earnings Sharing with Inheritance

1. No aged spouse's or aged or disabled surviving spouse's benefits would be payable (includes divorced and surviving divorced spouse's benefits).

2. For each year of marriage, each spouse's covered annual earnings (as limited by the contribution and benefit base in effect for that year) would be combined and totaled. As long as both spouses are alive, one-half of this combined total for each year would be credited to each spouse's earnings record.

   - A person is considered married for the entire year in which the marriage takes place.

   - A person is considered unmarried for the entire year in which a divorce occurs.

   - A person is considered married for the entire year in which a spouse dies unless the surviving spouse remarried in that year. (In case of remarriage, the survivor is considered married to the new spouse for that year.)

   - A person is treated as if he or she were not married in any year in which that person or his or her spouse is entitled to Social Security disability benefits or is age 62 or over.

3. When one spouse dies, the surviving spouse who was married to the deceased spouse at the time of his or her death would be credited the total amount of the deceased covered annual earnings for each year of marriage.

   - The surviving spouse cannot be credited with more than the contribution and benefit base in any given year.

   - If the deceased spouse had earnings in any year in which he or she or the surviving spouse was age 62 or over and such years would be years of marriage except for the limits in 2. above, then the survivor can be credited with the deceased spouse's earnings for those years.

   - A spouse who was divorced at the time of the ex-spouse's death would not be credited with any earnings in addition to those credited under 2. above.

4. For each year that a person is not married or is considered to be not married, earnings are credited to his or her record as under present law.

5. Each individual's insured status (including disability insured status) is determined based on the earnings credited to his or her record.

6. The amount of each individual's retirement or disability benefit is based on the earnings credited to his or her record. The amounts are calculated as though each individual were receiving a worker's benefit under present law.

   - For purposes of determining disability, the worker's definition of disability is used.

   - There are no special rules for computing benefits of surviving spouses, but benefits would be recomputed for survivors to take account of additional earnings that would be credited to their records upon the death of their spouses.

7. Benefits for dependents (i.e., children and aged parents) are calculated as under present law, but the amount of the benefit may be different because the amount of earnings credited to the worker's records will be different.

   - When a dependent is entitled to a benefit on both parents' records, the present law rules concerning dual entitlement will apply.

   - The present law rules concerning MFB's and combined MFB's will apply.

8. No benefits will be provided for mothers and fathers caring for children since such persons are not considered to be "dependents" under earnings sharing.

9. The earnings test would apply to each spouse individually.

Specifications for the Modified Generic Earnings Sharing Plan

1. Auxiliary benefits for aged spouses or aged or disabled surviving spouses would be eliminated (includes benefits for divorced and surviving divorced spouses).

2. A person's Social Security earnings record would be affected by marriage. Social Security earnings records for married people would be adjusted when:

   - both spouses in an intact couple become entitled to Social Security worker's benefits;
   - the lower earner in an intact couple becomes disabled;
   - a divorce occurs; or
   - one spouse dies.

3. For each year of marriage, each spouse's covered annual earnings (as limited by the contribution and benefit base in effect for that year) would be combined and totaled. As long as both spouses are alive, one-half of this combined total for each year would be credited to each spouse's earnings record. (When this adjustment is made (see 2. above), the "actual" earnings record of each spouse would be replaced by the adjusted record.) When one spouse is dead, the survivor would be credited with the combined total for each year of marriage, but not more than the contribution and benefit base for any year. (A deceased spouse's earnings record would not be affected by the adjustment of the surviving spouse's record. The deceased spouse's record would continue to exist as it was before the adjustment of the survivor's record.)

   - A person would be considered married for the entire year in which the marriage takes place.
   - A person would be considered unmarried for the entire year in which a divorce occurs. (A person who remarries in the same year he or she divorces is considered married to the new spouse for that year.)
   - A person would be treated as if he or she were not married in any year in which that person, or his or her spouse, is entitled to Social Security disability or retirement

benefits. (In the case of death, any earnings that the deceased spouse had in years after the deceased or his or her spouse was entitled to Social Security retirement benefits would be credited to the survivor provided these years were otherwise within a period of marriage.)

- A person would be considered married for the entire year in which a spouse dies. (In the case of remarriage in the same year, the survivor would be considered married to the deceased spouse for that year rather than the new spouse.)

4. For each year that a person is not married or is considered to be not married, earnings would be credited to his or her record as under present law.

5. For married couples who have both covered and noncovered earnings:

   - the covered earnings of the couple would be shared only to the extent that they exceed the noncovered earnings of the couple; and

   - the Social Security benefit for a person with both covered and noncovered earnings would be the same proportion of the Social Security benefit based on the combined covered and noncovered earnings as the proportion of the covered earnings to the total earnings.

6. If one spouse is insured for retirement or disability benefits, both would be considered insured even if sharing earning would cause a loss of insured status.

7. The amount of retirement benefits (or disability benefits in the case of the higher earner spouse) payable to spouses in intact marriages would be based on their own records (which may have been altered by sharing or inheritance from previous marriages) until the second spouse becomes entitled to benefits. When the second spouse becomes entitled, benefits would be based on the earnings records altered (as under 3. above) for years of current marriage. The amounts would be calculated as though each individual were receiving a worker's benefit under present law.

- The amount of disability benefits for the lower earner spouse in an intact marriage would be based on earnings records altered as under 3. above.

8. There would be no special rules for computing benefits of surviving spouses, but benefits would take account of additional earnings that would be credited to their records (under 3. above) due to the death of their spouses.

9. For purposes of determining disability, the worker's definition of disability is used.

10. Actuarial reduction would apply as under present law for worker's benefits.

11. The earnings test would apply to each spouse individually. If a person's spouse died after such person was already receiving benefits, the additional earnings credited to the person's account would be reflected in a recomputation as if the survivor had worked and had additional earnings, but the increased amount would be due only for months after the worker's death.

12. Child's benefits would be based on the earnings record of the retired, deceased or disabled parent. In general, the same record that is used to determine the parent's benefits would be used to determine the children's benefits. (However, a benefit would be paid to children of deceased homemakers based on shared earnings.)

    - Children who have two parents entitled to benefits would have their benefits based on the total earnings credits of both parents up to the contribution and benefit base each year.

13. "In-her-care" benefits would be paid to young spouses and young surviving spouses caring for children up to age 16. Benefit amounts would be based on the worker's record as altered under 3. above.

14. In cases where there is only one spouse entitled to share credits on a worker's record, present law maximum would be in effect. Where more than one spouse is entitled based upon marriage to the worker, a separate family maximum of 140 percent of the PIA would be applicable to each spouse and his/her children.

15. An "adjustment benefit" equal to 71.5 percent of the worker's PIA would be payable to any surviving spouse or surviving divorced spouse for any 24 consecutive months after the worker's death and before the surviving spouse reaches age 62. This benefit would be subject to the earnings test and the MFB.

16. A special minimum childcare provision would be used to compute benefits if doing so results in a higher benefit. This provision is like the current law special minimum provision with the following exceptions:

    - Five additional years of coverage could be counted for a total of 35, rather than 30, years of coverage.

    - Up to 10 years could be counted as years of coverage under the special minimum if the person had a child (of such worker or his or her spouse) under age 7 living with him or her substantially throughout the year and had covered or noncovered earnings less than the amount needed for a year of coverage.

    - Any year after 1951 in which the above requirements are met could be counted as a year of coverage.

    - A year of coverage would be the same as the current law definition of a year of coverage for years prior to 1990. For 1990 and later a year of coverage would equal one-eighth of the contribution and benefit base that would have applied for that year absent the *ad hoc* increases in the base enacted in 1977. (The current measure is generally one-fourth, rather than one-eighth, of this amount.) For years prior to 1990 a year of coverage is based on an individual's own earnings. For 1990 and later a year of coverage is based on the earnings credited to an individual's record including shared and inherited earnings.

    - For years prior to the year of eligibility or death, the special minimum amounts granted for each year of coverage in excess of 10 (currently about $17.85) would rise at the same rate as the regular benefit formula bend points. Thereafter, the special minimum benefit would be increased by cost-of-living adjustments (COLA). Workers who become eligible or die in 1986 would get benefits based on the special minimum rate for December 1985. For workers who become eligible or die in 1987, the initial rate applicable effective January 1987 would equal the December 1985 rate as adjusted by the rise in average wages from 1984 to 1985. Potential benefits for workers who become eligible or die after 1987 would be adjusted similarly by wage increases.

Specifications for "No-Loser" Earnings Sharing with Present Law Guarantee

1. For each year of marriage, each spouse's covered annual earnings (as limited by the contribution and benefit base in effect for that year) would be combined and totaled. As long as both spouses are alive, one-half of this combined total for each year would be credited to each spouse's earnings record. When one spouse is dead, the survivor would be credited with the total amount for each year of marriage, but not more than the contribution and benefit base.

   - A person would be considered married for the entire year in which the marriage takes place.
   - A person would be considered unmarried for the entire year in which a divorce occurs.
   - A person would be considered married for the entire year in which a spouse dies unless the surviving spouse remarried in that year. (In case of remarriage, the survivor would be considered married to the new spouse for that year.)
   - A person would be treated as if he or she were not married in any year in which that person or his or her spouse is entitled to Social Security disability benefits or is age 62 or over. (In the case of death, any earnings that the deceased spouse had in years after the deceased or his or her spouse was age 62 or over would be credited to the survivor provided such years were otherwise within a period of marriage.)

2. For each year that a person is not married or is considered to be not married, earnings would be credited to his or her record as under present law.

3. Each individual's insured status (including disability insured status) would be determined based on the earnings credited to his or her record.

4. The amount of each individual's retirement or disability benefit would be based on the earnings credited to his or her record. The amounts would be calculated as though each

individual were receiving a worker's benefit under present law.

- For purposes of determining disability, the worker's definition of disability would be used.
- There would be no special rules for computing benefits of surviving spouses, but benefits would be recomputed for survivors to take account of additional earnings that would be credited to their records upon the death of their spouses.

5. Benefits for dependents (i.e., children and aged parents) would be calculated as under present law, but the amount of the benefit might be different because the amount of earnings credited to the worker's records would be different.
    - When a dependent is entitled to a benefit on both parents' records, the present law rules concerning simultaneous entitlement would apply.
    - The present law rules concerning MFB's and combined MFB's would apply.
6. The earnings test would apply to each spouse individually.
7. Each individual could receive a present law benefit (including a present law spouse's or surviving spouse's benefit) if this benefit were higher than the earnings sharing benefit.
    - In intact married couples, one spouse could get a benefit based on earnings sharing and one could get a present law benefit.
    - When the MFB applies, it would apply as if all other members of the family were being paid under present law or earnings sharing, as the case may be, regardless of whether this were actually the case.
    - All child's, aged parent's and "in-her-care" benefits being paid on the basis of a worker's record would be paid under present law or earnings sharing, whichever would provide the higher total benefits.
    - Children and aged parents could be dually entitled based on present law on one worker's record and earnings sharing on another worker's record.
8. Assuming legislation for earnings sharing is passed in 1985, these benefits would be payable for all people becoming eligible for Social Security benefits in 1990 and later.

APPENDIX G
TECHNICAL SPECIFICATIONS FOR INCREMENTAL OPTIONS

Following are technical specifications for the incremental options discussed in Chapter VII. The options below are in the same order as they are discussed in that chapter. (It should be noted that specifications are not included for the homemaker credit option because proposals of this kind that have been considered in the past vary to such an extent that no single set of specifications would be representative.)

Use Deceased Spouse's Earnings to Compute a Worker's Benefit

Primary Option: Base Benefits for Surviving Spouse on Own Earnings Plus Earnings Inherited During Years of Marriage

1. For purposes of computing his or her own worker's benefit (i.e., retirement insurance benefit (RIB) or disability insurance benefit (DIB)), a surviving spouse would be allowed to use the deceased spouse's earnings credits that were acquired during the years of marriage.
    - The earnings credits of the deceased spouse in each year of marriage after 1950 would be added to the earnings record of the surviving spouse.
    - The surviving spouse can use up to 100 percent of the deceased spouse's earnings credits in a year, but the total of the surviving spouse's own earnings plus the qualifying earnings of the deceased spouse in a year could not exceed the contribution and benefit base.
    - A 9-month duration of marriage would be required in order to use the deceased spouse's earnings (as required for present law surviving spouse's benefits).
2. After the deceased spouse's earnings are credited to the surviving spouse's record, RIB/DIB benefits would be computed for the survivor based on his or her own earnings plus the qualifying earnings of the deceased spouse and the survivor RIB or DIB entitlement factors would apply.
    - The earnings of the deceased spouse could not be used to establish RIB or DIB insured status.

- Early retirement benefits would be reduced using the worker's five-ninths of 1 percent reduction factor, including any applicable present law carryover reductions.

- Present law dual entitlement rules (using the worker's benefit as adjusted to include the deceased spouse's earnings) would remain in effect. (See 3. below)

- The deceased spouse's earnings could not be used to compute DI benefits before the survivor reaches age 50.

3. Present law surviving spouse's benefits (for young parents, aged widow(er)s and disabled widow(er)s) would be retained.

   - To determine if present law surviving spouse's benefit is greater than the RIB benefit payable based on the surviving spouse's own earnings plus the qualifying earnings of the deceased spouse, both benefits would be computed independently (as under present law RIB/surviving spouse procedures). If the surviving spouse's benefit is greater, the survivor would receive the RIB benefit based on both spouse's earnings, plus a surviving spouse's benefit equal to the excess of the present law surviving spouse's benefit over the RIB benefit based on both spouse's earnings.

   - In the case of DIB/surviving spouse dual entitlement, the present law surviving spouse's benefit (and the amount of that benefit subject to any appropriate actuarial reduction) would equal the excess of the present law surviving spouse's benefit over the DIB PIA based on the surviving spouse's own earnings plus the qualifying earnings of the deceased spouse.

4. If the survivor becomes entitled to present law disabled widow(er)'s benefits at age 50-59 or aged widow(er)'s benefits at age 60-61, then the survivor would be automatically deemed to file for reduced RIB benefits (using his or her own earnings plus the qualifying earnings of the deceased spouse) at age 62. 97/

5. Filing for reduced RIB or reduced aged widow(er)'s benefit from age 62-64 would constitute deemed filing for the other benefit and would trigger the provisions of this proposal. No such deemed filing rule would apply in dually entitled DIB/surviving spouse cases. 97/

6. If death of a spouse occurs after entitlement to RIB or DIB, then the survivor must file to have the RIB or DIB benefit recomputed to include the qualifying earnings of the deceased spouse. Such applications could be retroactive for as much as 6 months. In cases of RIB entitlement (but not DIB) filing for such a recomputation also constitutes deemed filing for a present law surviving spouse benefit. Filing for present law surviving spouse's benefits after RIB or DIB entitlement is also deemed filing for a recomputation to include the qualifying earnings of the deceased spouse. 97/

7. Benefits payable to auxiliaries on the record of a survivor receiving RIB or DIB based in part on the qualifying earnings of the deceased spouse would be calculated using only the survivor's own unaltered earnings record.

8. Combined MFB's would be based on present law PIA's (i.e., unaltered records).

9. Surviving divorced spouses could use the deceased spouse's earnings credits only if the marriage lasted at least 36 months.

10. For purposes of this provision, a person would be considered married in the year that the marriage occurs and not married in the year that a divorce occurs.

11. The proposal would be effective for cases where the survivor reaches age 62 after 1985. DIB beneficiaries on the rolls before 1986 who meet these requirements could have their DIB benefit recomputed upon application.

97/ The purpose of these special deemed filing rules is to prevent manipulation. Without these special rules, a survivor could elect to receive an unreduced benefit based on the same earnings that previously generated a reduced benefit.

12. To phase in the provision and avoid large benefit differences between successive cohorts of beneficiaries, there would be a 5-year transition. Surviving spouses for whom the later of the year of eligibility (i.e., attainment of age 62 or disability onset) or death of the spouse occurs in 1986 would have a worker's benefit computed based on the present law worker's PIA plus 20 percent of the difference between the present law worker's PIA and the worker's PIA as increased by the qualifying earnings of the deceased spouse. The percentage would rise to 40 percent for surviving spouses for whom the later of the year of eligibility or death of the spouse occurs in 1987, 60 percent for 1988, 80 percent for 1989 and fully effective for 1990 and later. 98/

Alternative Option: Base Benefits for Surviving Spouse on Couple's Combined Earnings (Including Years Outside of Marriage)

1. An unmarried surviving spouse filing for DIB (at age 50 or later) or RIB (at age 62 or later) could get a worker's benefit based on his or her earnings combined with all of the earnings of the deceased spouse.

   - One approach for combining earnings, would be to form a third earnings record based on the sum of both spouse's earnings for each year after 1950 up to the contribution and benefit base for that year. (Earnings when not married would be included on the third record.)

98/ Special provisions would apply to a surviving spouse who had two deceased spouses--say, with one spouse dying early in the transition period and the other dying later in the transition period. The way a surviving spouse with two deceased spouses would be treated under the transition can be illustrated by use of an example. Assume that an insured widow reaches age 62 in 1986 and that her first husband died in 1986 and her second husband died in 1989. If she retired in 1986 when the first husband died, she would begin receiving a worker's benefit based on the present law worker's PIA plus 20 percent of the difference between the present law worker's PIA and the PIA as increased by the earnings during the marriage to the first husband. In 1989, when the second husband dies, her worker's benefit would be recomputed based on the worker's PIA then payable (reflecting the qualifying earnings of the first husband) plus 80 percent of the difference between that PIA and the PIA reflecting the qualifying earnings of both deceased husbands.

- If there is more than one deceased spouse, the earnings of each deceased spouse would be combined separately with the surviving spouse's earnings to form more than one third earnings record. The highest RIB or DIB based on combined earnings would be payable.

- Insured status for RIB or DIB could not be based on the combined earnings record.

- To combine earnings, there would be a 9-month duration-of-marriage requirement (as under present law for surviving spouse's benefits).

- To qualify for a combined earnings computation, the surviving spouse (or surviving divorced spouse) must be unmarried. However, a marriage would be ignored for purposes of computing a combined earnings benefit if the marriage occurred after age 60 in the case of a RIB computation, or after age 50 in the case of a DIB computation.

2. Since the benefit based on combined earnings would be a "worker's" benefit, the RIB or DIB entitlement factors would apply.

    - Early retirement benefits would be reduced using the worker's five-ninths of 1 percent reduction factor, including any applicable present law carryover reductions.

    - Present law delayed retirement credit (DRC) rules would apply, but the surviving spouse must be insured based on his or her own earnings to receive the credits.

    - Present law dual entitlement rules (using the worker's benefit based on combined earnings) would remain in effect. (See 3. below).

    - As noted earlier, DIB benefits could not be based on combined earnings before the survivor reaches age 50.

    - The worker's definition of disability would be used even if the survivor is not insured for DIB based on his or her own earnings.

3. Present law surviving spouse's benefits (for young parents, aged widow(er)s and disabled widow(er)s) would be retained.

    - To determine if present law surviving spouse's benefits would be greater than the RIB payable based on combined earnings, both benefits would be computed independently (as under present law RIB/surviving spouse procedures). If the surviving spouse's benefit is greater, the survivor would receive the RIB based on combined earnings, plus a surviving spouse's benefit equal to the excess of the present law surviving spouse's benefit over the RIB based on combined earnings.

- In the case of DIB/surviving spouse dual entitlement, the present law surviving spouse's benefit (and the amount of that benefit subject to any appropriate actuarial reduction) would equal the excess of the present law surviving spouse's benefit over the DIB PIA based on combined earnings.

4. If the survivor becomes entitled to present law disabled widow(er)'s benefits at age 50-59 or aged widow(er)'s benefits at age 60-61, then the survivor would be automatically deemed to file for reduced RIB based on combined earnings at age 62. [99]

5. Filing for reduced RIB or reduced aged widow(er)'s benefit from age 62-64 constitutes deemed filing for the other benefit and triggers the combined earnings computation. No such deemed filing rule applies in dually entitled DIB/surviving spouse cases. [99]

6. If death of a spouse occurs after entitlement to RIB or DIB, then the survivor must file to have the RIB or DIB benefit recomputed based on combined earnings. Such applications could be retroactive for as much as 6 months. In cases of RIB entitlement (but not DIB), filing for such a recomputation also constitutes deemed filing for present law surviving spouse's benefits. Filing for present law surviving spouse's benefits after RIB or DIB entitlement is also deemed filing for a recomputation based on combined earnings. [99]

7. Benefits payable to auxiliaries on the record of a survivor receiving RIB or DIB based on combined earnings would be based on the survivor's own unaltered earnings.

8. Combined MFB's would be based on present law PIA's (unaltered records).

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[99] The purpose of these special deemed filing rules is to prevent manipulation. Without these special rules, a survivor could elect to receive an unreduced benefit based on the same earnings that previously generated a reduced benefit.

9. A surviving divorced spouse could receive a combined earnings RIB or DIB benefit based on any prior marriage that lasted 10 years or longer.

10. The proposal would be effective for cases where the survivor reaches age 62 afer 1985. DIB beneficiaries on the rolls before 1986 who later meet these requirements could have their DIB recomputed upon application.

11. To phase in the provision and avoid large benefit differences between successive cohorts of beneficiares, there would be a 5-year transition. Surviving spouses for whom the later of the year of eligibility (i.e., attainment of age 62 or disability onset) or death of the spouse occurs in 1986 would have a worker's benefit computed based on the present law worker's PIA plus 20 percent of the difference between the present law worker's PIA and the worker's PIA based on combined earnings. The percentage would rise to 40 percent for surviving spouses for whom the later of the year of eligibility or death of the spouse occurs in 1987, 60 percent for 1988, 80 percent for 1989 and fully effective for 1990 and later. 100/

Pay Surviving Spouse Two-Thirds of the Combined Worker's/Survivor's Benefit

1. A surviving spouse and a surviving divorced spouse would receive a benefit based on two-thirds of the combined worker's/survivor's benefit beginning with the first month the widow(er) is concurrently entitled to widow's insurance benefit (WIB) 101/ and either RIB or DIB, but no earlier than age 62. The "two-thirds" benefit would only be payable if it exceeded the present law widow(er)'s benefit (as modified by specification 7.).

100/ If an insured surviving spouse had two deceased spouses--say, with one spouse dying early in the transition period and the other dying later in the transition period--the combined earnings benefit based on each deceased husband's earnings would be computed independently, using the respective transitional provision, and the higher of the two RIB/DIB benefits based on combined earnings would be paid.

101/ For this purpose, a person would be considered concurrently entitled to WIB and RIB even if the RIB exceeds the WIB PIA.

2. Under this proposed computation, the widow(er)'s benefit would be equal to two-thirds of the sum of:

   a. The widow(er)'s benefit:

      - as computed under present law (as modified by specification 7.) except figured independently of any DIB and without regard to the MFB provision, and

      - including any DRC's earned by the deceased worker and after actuarial reduction (using the surviving spouse reduction factor and the month of entitlement to widow(er)'s benefits), and

      - before application of the following reduction/deduction provisions: dual entitlement, government pension offset, and earnings test; plus

   b. the widow(er)'s own RIB or DIB:

      - after application of the actuarial reduction provision (including any carryover reduction) and DRC's, and

      - before application of any workers' compensation/public disability benefit offset, and before application of the earnings test.

3. The resulting widow(er)'s benefit would be limited to the benefit based on the PIA for a career maximum earner who is the same age as the survivor and who has earnings through age 61, with such benefit reduced using the surviving spouse reduction factor applicable to the widow(er). 102/

4. The resulting widow(er)'s benefit would then be subject to the dual entitlement provision, the government pension offset provision and the earnings test provision.

5. Once the person attained age 62, the "two-thirds" benefit computation would be automatically triggered upon filing for the second benefit (i.e., upon filing for the WIB if entitled to RIB/DIB or upon filing for RIB/DIB if entitled to WIB). In cases where the person is dually entitled to DIB and WIB before age 62, the "two-thirds" benefit computation would be triggered upon attainment of age 62.

102/ This "cap" PIA would be adjusted after the survivor becomes entitled to include all subsequent COLA's.

6. The "two-thirds" benefit would be subject to recomputation when the widow(er)'s own PIA increased to include additional earnings.

7. The present law widow(er)'s limit would be eliminated. 103/

8. The "two-thirds" benefit would be computed without regard to the MFB provision. Benefits for children entitled on the deceased worker's record would be computed under present law as if the widow(er) was being paid the present law rate.

9. The elimination of the widow(er)'s limit would be effective for benefits for months after 1985, thus increasing benefits for some widow(er)s on the rolls. The "two-thirds" benefit provision would be effective for cases where the surviving spouse (or surviving divorced spouse) reaches age 62 after 1985. However, to phase in the "two-thirds" benefit provision of beneficiaries, there would be a 5-year transition. The factor applied to the sum of the widow(er)'s benefit and the RIB/DIB (ultimately a factor of 66 2/3 percent) would be dependent on the later of the year the survivor reaches age 62, or the year of the deceased person's death, as shown in the following table:

Later of Year Survivor Reaches Age 62 or Year of Death	Factor
1986	53 1/3%
1987	56 2/3
1988	60
1989	63 1/3
1990 or after	66 2/3

Provide an Adjustment Benefit for Certain Widow(er)s

1. Certain surviving spouses age 55-59 would receive an "adjustment" benefit equal to 71.5 percent of the deceased spouse's PIA for a period of up to 6 months from the month of death.

    - o The "adjustment" benefit would not be payable to surviving divorced spouses.

103/ Under this provision, widow(er)'s benefits are limited to the amount the deceased worker would be getting if he (or she) were still alive, but not less than 82.5 percent of PIA for widow(er)s entitled at age 62 or later.

- The "adjustment" benefit would not be payable if the surviving spouse could be entitled to benefits as a surviving parent or disabled widow(er).
- Benefits could be paid starting with the month of death and the following 5 months, but only if the surviving spouse is age 55-59 in those months.

2. "Adjustment" benefits would be treated like a surviving spouse benefit for purposes of applying deduction/reduction provisions (e.g., "adjustment" benefits could be reduced for the MFB and would be subject to the earnings test.)

3. The provision is effective for monthly benefits payable after 1985, but only for deaths occurring after July 1985.

Pay 100 Percent of the Deceased Worker's Basic Benefit to Disabled Widow(er)s at Any Age

1. The present law benefit for disabled widow(er)s would be changed in two ways:

   - The benefit rate would be increased from 71.5 percent of the deceased worker's PIA to 100 percent of his/her PIA. (The present law widow(er)'s limit would still apply.) 104/
   - A disabled widow(er) could be entitled as such at any age before 65 (compared to the present law requirement that he/she be age 50-59).

2. As under present law, the widow(er) must have become disabled no later than 7 years after the month the worker died or 7 years after the last month the widow(er) was previously entitled to benefits on the worker's earnings record.

3. There would be a "carryover" reduction in the disabled widow(er)'s benefit (DWB) in cases where the widow(er) was entitled to reduced WIB prior to entitlement to DWB. The DWB would be reduced by the amount the WIB would be reduced if the widow(er) were age 65 in the first month of entitlement to DWB.

104/ Under this provision, widow(er)'s benefits for widow(er)s entitled at age 62 or later are limited to the amount the deceased worker would be getting if he (or she) were still alive, but not less than 82.5 percent of PIA.

4. The proposal would be effective for monthly benefits payable for months after December 1985.

   - Benefits would be automatically recomputed effective January 1985 (or if later, after the 5-month waiting period) for: (1) surviving spouses who had become entitled as disabled widow(er)s at age 50-59 and who have remained both disabled and entitled as a surviving spouse through December 1985; (2) surviving spouses under age 65 as of January 1, 1986 who are entitled as mothers/fathers and also have been determined to be under a disability for Medicare purposes; and (3) aged widow(er)s of any age who before attainment of age 65 had been determined to have been under a disability for Medicare purposes.

   - Any other surviving spouse under age 65 as of January 1, 1986 who is on the rolls as of December 1985 must file to be recomputed under this proposal, with such recomputation application having up to 12 months retroactivity but not earlier than January 1986.

Modify Eligibility Requirements for Widow(er)'s Disability Benefits

Primary Option: Extend 7-Year Requirement by 3 Months for Each Quarter of Coverage

1. Provide that the 84-month period during which a surviving spouse or surviving divorced spouse must become disabled in order to qualify for widow(er)'s benefits on the basis of a disability would be extended by 3 months for each quarter of coverage (as defined in section 213 of the Social Security Act) earned by the surviving spouse or surviving divorced spouse in the quarter of death of the worker or later.

2. For purposes of this provision, quarters of coverage earned in a calendar year after 1977 could be shifted within that year if it is to the claimant's advantage.

3. The provision would be effective with respect to benefits based on applications filed after December 1985.

Alternative Option: Extend the 7-Year Requirement to 10 Years

1. Provide that the 84-month period during which a surviving spouse or surviving divorced spouse must become disabled in order to qualify for widow(er)'s benefits on the basis of a disability would be extended to 120 months.

2. The provision would be effective with respect to benefits based on applications filed after December 1985.

Modify Definition of Disability for Widow(er)s

1. In determining whether a surviving spouse (or surviving divorced spouse) is disabled, adopt the more liberal worker's definition of disability which takes nonmedical factors (age, education and work experience) into account.

2. This change would be effective for monthly benefits for months after December 1985 based on applications filed after enactment or filed before enactment but not adjudicated by enactment. 105/

Include a Surviving Spouse's Own Delayed Retirement Credits in the Widow(er)'s Benefit

1. For a person who is entitled to RIB and WIB, 106/ the money amount of certain delayed retirement credits (DRC's) applicable to the person's RIB would be added to the person's WIB benefit amount, after application of the actuarial reduction pplication of the actuarial reduction provision and before application of the dual entitlement provision.

105/ This effective date permits the modified definition of disability to apply in "pipeline" cases.

106/ For purposes of determining whether the RIB exceeds the WIB PIA (a situation that would terminate the WIB), the comparison would be based on the RIB before the application of DRC's. Otherwise, if the RIB benefit including DRC's just slightly exceeded the WIB PIA, the WIB would be terminated--even in cases where the WIB benefit including DRC's would exceed the RIB benefit including DRC's. This point is illustrated by the following case:

-- $200 RIB before DRC's
-- $210 RIB after DRC's
-- $209 WIB PIA
-- $219 WIB after proposed inclusion of DRC's

2. The DRC's that could be added to the WIB would be: (1) any DRC's earned on the RIB before the month of entitlement to WIB (regardless of whether the DRC was due to delayed filing or work deductions), and (2) DRC's earned in or after the month of entitlement to WIB if such DRC's were based on work deductions. 107/

3. This proposal would be effective for monthly benefits after 1985 based on deaths occurring after 1985.

Increase Benefits for the Very Aged

1. A 10-percent benefit increase would be paid to all beneficiaries on the rolls at age 85.

    a. The PIA otherwise payable without regard to this proposal for the month in which the individual reaches age 85 would be increased by 10 percent.

    b. All benefits payable under sections 227 and 228 (age-72 payments) would be increased by 10 percent effective January 1986 (including payments to those not yet age 85). 108/

2. The proposal would be effective January 1986 for beneficiaries who reached age 85 before 1986. For those who reach age 85 after 1985, the proposal is effective upon the month of attainment.

3. The provision would be effective: (1) in the case of specification 1., for individuals becoming entitled to disability benefits after December 1985; and (2) in the case of specification 2., for deaths occurring after 1985.

107/ These special rules would avoid providing a "windfall" increase to a widow(er) who received WIB for some period, did not subsequently work, and delayed filing for RIB until several years after age 65.

108/ The 10-percent benefit increase would apply to all recipients of age-72 payments (even the very small proportion not yet age 85) to ease administration. Currently, all age-72 beneficiaries receive the same benefit rate.

Modify Dual Entitlement Provisions

1. For person's eligible for a worker's benefit (i.e., RIB or DIB), eligibility for, and the amount of, any potential spouse's or surviving spouse's benefit would be determined using an artificial PIA or monthly benefit amount (MBA) (as appropriate) derived from one-half of the worker's RIB or DIB PIA (instead of the full PIA, as under present law).

2. The proposal would be effective for monthly benefits payable after 1985 for individuals attaining age 62 after 1985. People dually entitled before January 1986 (who attain age 62 after 1985) to DIB and WIB/DWB (or who would be so dually entitled under this proposal) would have their benefits recomputed under the proposal effective January 1986.

Provide a Working Spouse's Benefit

1. A working spouse's benefit would be paid as a bonus to certain individuals eligible for both a worker's benefit (i.e., RIB or DIB) and a spouse's/surviving spouse's benefit. For purposes of this proposal, in determining eligibility for the spouse's/surviving spouse's benefit, the amount of the individual's own RIB or DIB PIA is ignored as a factor of entitlement.

   o The working spouse's benefit would be payable to both earners in a couple.

   o Entitlement to spouse's/surviving spouse's benefits based on child-in-care factors does not qualify one for a working spouse's benefit.

   o To be eligible for the working spouse's benefit, the individual must reach age 62 after 1985.

2. The working spouse's benefit would equal 25 percent of the lower of the individual's own RIB or DIB PIA or the original spouse's/surviving spouse's benefit, determined after each benefit is calculated independently and each adjusted by any appropriate actuarial reduction or DRC's.

   o The working spouse's benefit would be added to the individual's own present law RIB or DIB monthly benefit amount (after adjustment for actuarial reduction or DRC's) after the spouse's/surviving spouse's benefit has been determined under the dual entitlement rules.

- The total RIB or DIB benefit (including the working spouse's benefit) could not exceed the higher of: (1) the individual's present law RIB or DIB benefit, or (2) the PIA for a career maximum earner who is the same age as the worker, who is receiving the same category of benefits (RIB or DIB) and who has earnings through the year before the year of eligibility (i.e., the earlier of disability onset or age 62). In the case of RIB, this cap would be reduced based on a five-ninths of 1 percent per month reduction factor and the individual's month of entitlement.

- The total RIB or DIB benefit would be subject to WC/PDB offset, the earnings test, and other applicable deductions.

- The individual's own earnings could result in a recomputation of the present law RIB or DIB benefit and the working spouse's benefit.

- The spouse's earnings could result in a recomputation of the present law spouse's benefit and the working spouse's benefit.

3. Benefits for children would be computed using present law procedures as if the individual were receiving only present law benefits.

4. Divorced spouses/surviving divorced spouses would be eligible for a working spouse's benefit. For purposes of this proposal, in determining eligibility for the divorced spouse's/surviving divorced spouse's benefit, the amount of the individual's own RIB or DIB PIA is ignored as a factor of entitlement.

5. The proposal would be effective for monthly benefits payable after 1985. People dually entitled before January 1986 to DIB and WIB/DWB who would reach age 62 after 1985 would have their Social Security benefit recomputed under the proposal effective January 1986.

6. To phase in the provision and avoid large benefit differences between successive cohorts of beneficiaries, there would be a 5-year transition. The percentage factor used to compute the individual's working spouse's benefit (ultimately 25 percent) is found in the following chart. For individuals dually entitled on the record of a living spouse, the determining year is the later of the year of eligibility (i.e., age 62 or

disability onset) for the spouse or age 62 for the individual. For individuals dually entitled on the record of a deceased spouse, the determining year is the later of the year the individual becomes eligible or the year of death of the spouse.

Year	Percentage
1986 or earlier	5%
1987	10%
1988	15%
1989	20%
1990 or after	25%

Provide Childcare Dropout Years

Primary Option: Exclude Childcare Dropout Years After Regular Dropout Years

1. This proposal would allow certain years of childcare to be excluded from the years used to compute a worker's average indexed monthly earnings. One childcare dropout year (up to a maximum of 10) may be excluded for every year after 1950 [109]in which the worker:
   a. had a child (of his or her own or of his or her spouse) under age 7 who is living with him or her substantially throughout the year, [110] and
   b. had no covered or noncovered earnings. [111]

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[109] Childcare dropout years would be limited to years after 1950 because SSA does not have accurate year-by-year records of earnings in an automated form for years before 1951.

[110] This is the same "living with" test used in the present law disability childcare dropout year provision; the test is defined in regulations (CFR, Title 20, Chapter III, Part 404.211(e)(4)(ii)).

[111] For years before 1978, SSA has no record of individuals' noncovered earnings; SSA would have to accept the claimant's allegation absent evidence to the contrary. (This is the way the present law childcare dropout year provision is administered.)

2. Childcare dropout years would be excluded from the computation after first excluding regular dropout years. 112/ That is, regular dropout years would be first subtracted from the number of elapsed years (in typical retirement cases this means number of elapsed years minus 5 dropout years) to produce the number of benefit computation years. Next, the years of highest earnings equal to the number of benefit computation years would be selected from the worker's earnings history. If years of zero earnings must be included in the high years, select childcare years (years meeting the criteria in 1. above) before nonchildcare years. Up to 10 of these childcare years could be dropped from the average indexed monthly earnings calculation.

3. A year which would otherwise qualify as a "childcare dropout year" would not be dropped from the computation years if it already had been used to reduce the number of elapsed years because it was partially in a year of disability.

4. In no case would the number of benefit computation years be reduced below two.

5. The proposal would be effective for OASDI benefits in cases where the worker reaches age 62, becomes disabled or dies after December 1985. Those eligible or dying in 1986 could receive up to 2 childcare dropout years, those eligible or dying in 1987 could receive up to 4 childcare dropout years, and so on, until, finally, those eligible or dying in 1990 or thereafter could receive up to 10 childcare dropout years.

Alternative Option: Combine Regular Dropout Years and Childcare Dropout Years

1. Same as primary option except that specification 2. would be changed so that childcare dropout years would be added to any applicable regular dropout years and the total would be subtracted from the number of elapsed years to produce the number of benefit computation years.

112/ This is the same computation methodology used under present law to drop out childcare years in disability cases.

Provide Childcare Increment Years

1. An individual entitled to RIB/DIB would receive the money amount of any childcare increment (defined below) as a bonus. In general, the amount of the childcare increment would depend on the number of qualifying childcare years.

2. A qualifying childcare year would be a year before the year of eligibility that the person:

   a. had a child (of his or her own or his or her spouse) under the age of 7 who was living with him or her substantially throughout the year [113], and

   b. had no covered or noncovered earnings.

3. The money amount of the childcare increment would equal 2 percent of the worker's RIB/DIB (after adjustment for actuarial reduction or DRC's) for each "zero earnings" year that was a qualifying childcare year. No more than a total of 10 childcare years could be used in determining the amount of the childcare increment.

4. The money amount of the childcare increment would be added to the individual's own present law RIB or DIB monthly benefit amount (after adjustment for actuarial reduction or DRC's).

   - The total RIB or DIB benefit (including the childcare increment) could not exceed the benefit for a career maximum earner who is the same age as the worker, who is receiving the same category of benefits (RIB or DIB) and who has earnings through the year before the year of eligibility (i.e., the earlier of disability onset or age 62). In the case of RIB, this cap would be reduced based on a five-ninths of 1 percent per month reduction factor and the individual's month of entitlement. However, if the individual's present law RIB/DIB benefit already exceeded the cap, no childcare increment could be paid.

   - The total RIB or DIB benefit would be subject to WC/PDB offset, the earnings test and other applicable deductions.

   - The individual's own earnings could result in a recomputation of the present law RIB or DIB benefit and the childcare increment.

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[113] This is the same "living with" test used in the present law disability childcare dropout year provision.

5. Benefits for children and spouse would be computed using present law procedures as if the individual were receiving only present law benefits.

6. The present law childcare dropout provision applicable in disability cases would be eliminated for people to whom this provision applies.

7. The proposal would be effective for OASDI benefits in cases where the worker reaches age 62 or becomes disabled after December 1985. Those eligible in 1986 could receive up to 2 childcare increment years, those eligible in 1987 could receive up to 4 childcare increment years, and so on, until, finally, those eligible in 1990 or thereafter could receive up to 10 children increment years.

Provide Childcare Credits in Calculating the Special Minimum Benefit

Primary Option: Price Index Special Minimum Benefit for Years Before Eligibility or Death

1. This proposal, which was developed by the 1980 National Commission on Social Security, would amend the present law special minimum benefit provision to allow childcare credits to be counted in the determination of benefits.

2. As background, the present law special minimum PIA is used only when it is higher than the regular PIA.

   - The amount of the special minimum PIA is derived from a benefit table in the law which is updated by COLA's; as of December 1983, the benefit is approximately equal to $18.47 multiplied by the number of a worker's "years of coverage" in excess of 10 and up to a maximum of 30. (See Table A.)

   - A year of coverage after 1950 and up to 1979 is a year in which the worker had covered earnings equal to, or greater than, one quarter of the contribution and benefit base for that year. For years after 1978, a year of coverage is equal to one quarter of the contribution and benefit base that would have applied for that year absent the *ad hoc* increases in the base enacted in 1977. [114] For years before 1951, the number of years of coverage is determined by dividing total covered wages after 1936 and before 1951 by $900. There can be no more than 14 years of coverage before 1951, and a remaining amount of less than $900 does not count as a year of coverage.

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[114] The amount of earnings required for a year of coverage for 1979-1984 is as follows: 1979 - $4,725; 1980 - $5,100; 1981 - $5,550; 1982 - $6,075; 1983 - $6,675; 1984 - $7,050; 1985 - $7,425.

3. The special minimum/childcare credit option would change the special minimum by:

   a. increasing the number of years countable toward the special minimum from 30 to 35 years (see attached table); and

   b. allowing up to 10 years of childcare to count toward the years of coverage used to compute the special minimum.

4. A childcare year is defined as a year after 1950 115/ in which the worker:

   a. had a child (of such worker or his or her spouse) under age 7 living with him or her substantially throughout the year; 116/ and

   b. had covered and noncovered earnings totaling less than the amount needed for a year of coverage. 117/

5. The provision would be effective prospectively for workers who reach age 62, become disabled or die after 1985. However, as shown by the following table, there would be a 5-year transition to phase in the provision. (The transition would

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115/ Childcare years would be limited to years after 1950 because SSA does not have accurate year-by-year records of earnings in an automated form for years before 1951.

116/ This is the same "living with" test used in the present law disability childcare dropout year provision; the test is defined in regulations (CFR, Title 20, Chapter III, Part 404.211(e)(4)(ii)).

117/ For years before 1978, SSA has no record of noncovered earnings; SSA would have to accept the claimant's allegation concerning the amount of noncovered earnings absent evidence to the contrary. An alternative approach would be to prevent a worker with a pension based on noncovered employment from obtaining childcare years of coverage.

avoid large benefit differences between certain beneficiaries--for example, between workers eligible in 1985 (who would not be affected by the provision) and workers newly eligible in 1986.)

Year of Eligibility or Death	Number of Years of Childcare Counted	Years of Coverage Countable
1986	2	31
1987	4	32
1988	6	33
1989	8	34
1990	10	35

Alternative Option: Wage Index the Special Minimum Benefit for Years Before Eligibility or Death

1. The special minimum/childcare benefit would rise with wage increases prior to the year of eligibility or death and by COLA increases thereafter. This would be accomplished by decoupling the special minimum; before the year of eligibility or death, the amount granted for each year of coverage in excess of 10 (currently about $18.47) would rise at the same rate as the regular benefit formula bend points.

2. Workers who become eligible or die in 1986 would get benefits based on the special minimum benefit rate for December 1985. For workers who become eligible or die in 1987, the initial rate applicable effective January 1987 would equal the December 1985 rate as adjusted by the rise in average wages from 1984 to 1985. Potential benefits for workers who become eligible or die after 1987 would be adjusted similarly by wage increases.

Table A

Special Minimum PIA's and MFB's Effective December 1984

Years of Coverage	Special Minimum PIA	Special Minimum MFB
- - - - - - - - - - Under Present Law	- - - - - - - - -	
11	$ 18.70	$ 28.10
12	37.00	55.60
13	55.50	83.50
14	74.00	111.10
15	92.40	138.70
16	111.00	166.60
17	129.40	194.10
18	148.00	222.00
19	166.40	249.60
20	184.70	277.20
21	203.30	305.20
22	221.80	332.80
23	240.40	360.80
24	258.80	388.30
25	277.20	415.90
26	295.90	444.00
27	314.30	471.60
28	332.70	499.20
29	351.10	526.90
30	369.50	554.50
- - - - - - - Under Proposed Extension	- - - - - - - -	
31	$388.10	$604.80
32	406.60	655.10
33	425.00	705.30
34	443.60	755.70
35	462.00	805.90

Modify Disability Insured Status Requirements

1. Provide an insured status freeze for years after 1950 in which a worker had no earnings and was caring for a child under the age of 7. [118]

   - Years for which an individual qualifies for a childcare freeze would be disregarded for purposes of computing disability insured status.

     - 20/40: For purposes of determining the 40-quarter period, disregard the childcare freeze years.

     - Special insured status: For purposes of determining the number of quarters elapsing since age 21, disregard the childcare freeze years. [119]

     - Fully insured status: Reduce the years required for fully insured status by one for each childcare freeze year. (Note: childcare freeze years would not affect the number of quarters needed for insured status for old-age insurance benefits. [120] However, there would be a special provision granting fully insured status for old-age insurance benefits to a person entitled to DIB in the 60-month period before age 65 who met the DI fully insured status requirement only by reason of the childcare freeze provision.)

   - The provision would not affect the computation of disability or old-age insurance benefit amounts.

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[118] Childcare freeze years would be limited to years after 1950 because SSA does not have accurate year-by-year records of earnings in an automated form for years before 1951.

[119] This procedure would allow the 1-for-2 rule to apply until the person had 40 countable quarters after age 21.

[120] Permitting childcare freeze years to reduce the requirement for fully insured status for old-age benefits would go beyond the scope and purpose of the proposal.

- An individual would qualify for a childcare freeze year for any year during which: (1) the individual had no earnings in covered or noncovered employment, 121/ and (2) a child of the individual or of his or her spouse under the age of 7 was living with the individual substantially throughout the year. 122/

2. The provision would be effective with respect to benefits based on applications filed after December 1985.

Increase Divorced Spouse's Benefits

1. Benefits for a divorced spouse of a living worker would be based on 50 percent of the worker's PIA for a 10-year marriage, increasing by 1 percentage point for each year of marriage in excess of 10, up to a maximum of 75 percent of PIA for marriages that lasted 35 years or longer.

   - Benefits under this proposal would be payable no earlier than the 25th month after divorce. If a divorced spouse's benefit would be otherwise payable before such month, the benefit would be based on 50 percent of the worker's PIA. A recomputation to increase benefits under the provisions of this proposal would be made, effective with the 25th month after divorce.

   - Benefits under this proposal would be payable only for months in which the divorced spouse does not live with the worker. For any month in which the divorced spouse is living with the worker, the divorced spouse's benefit would be based on 50 percent of the worker's PIA.

121/ For years before 1978, SSA has no record of individuals' noncovered earnings; SSA would have to accept the claimant's allegation about no noncovered earnings absent evidence to the contrary. (This is the way the present law childcare dropout year provision is administered.)

122/ This is the same "living with" test used in the present law disability childcare dropout year provision; the test is defined in regulations (CFR, Title 20, Chapter III, Part 404.211(e)(4)(ii)).

2. As under present law, divorced spouse's benefits would not be reduced under the MFB provisions.

3. The proposal would be effective for divorced spouse's who reach age 62 after December 1985.

Reduce the 10-Year Duration-of-Marriage Requirement

1. The duration-of-marriage requirement for entitlement to divorced spouse's and surviving divorced spouse's benefits would be reduced from 10 years to 5 years.

2. This change would be effective for monthly benefits for months after December 1985. For individuals who are not entitled to spouse's benefits for December 1985, the change would be effective for applications filed after December 1985.

Provide Divorced Workers with Additional Dropout Years for Nonwork Years

1. Provide a divorced individual 1 additional dropout year (up to a maximum of 5 such additional years) for each year of zero earnings [123] after 1950 during any prior marriage that lasted 10 years or longer and ended in divorce. To qualify, the worker must be unmarried and 24 consecutive months must have elapsed since divorce from the 10-year (or longer) marriage. If these requirements are not met at entitlement to RIB/DIB, the benefit may be recomputed upon application if/when the requirements are subsequently met. [124]

2. Remarriage after divorce from a marriage that lasted at least 10 years would not preclude the provision from applying, provided the worker was unmarried (either by reason of death or divorce) when filing for worker's benefit or filing for the recomputation.

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[123] For this purpose, both covered and noncovered earnings would be considered.

[124] If the person had two 10-year marriages that ended in divorce and the second marriage ended in divorce less than 24 months prior to entitlement to the RIB/DIB, additional dropout years could be provided immediately for qualifying years during the first marriage. However, additional dropout years could not be provided for years during the second marriage until the 24-month period had elapsed and the worker applied for a recomputation of the RIB/DIB.

3. The 24-month waiting period requirement would not apply in case of death of the former spouse or death of the worker (i.e., for purposes of paying survivor's benefits based on the additional dropout years). If the worker was married at his/her death, the survivors could not qualify for a computation based on the additional dropout years unless the worker's benefit already reflected the additional dropout years. (See specification 8.)

4. For the purpose of determining whether a potential dropout year occurs during a year of marriage, a person would be considered married for the entire year in which the marriage takes place and considered unmarried for the entire year in which a divorce occurs. (A person who remarries in the same year he or she divorces would be considered married to the new spouse for that year.)

5. The "divorce dropout years" would be determined and dropped from the elapsed years prior to application of the regular dropout year provision in present law.

6. A year which would otherwise qualify as a "divorce dropout year" would not be dropped from the elapsed years if it were wholly or partially in a period of disability.

7. In no case would the number of benefit computation years be reduced below two.

8. Remarriage after entitlement would not reduce the worker's benefit if already computed under this provision.

9. The proposal would be effective for OASDI benefits in cases where the worker reaches age 62, becomes disabled or dies after December 1985.

10. To phase in the provision and avoid larger benefit differences between successive cohorts of beneficiaries, there would be a 5-year transition. For workers who become eligible or die in 1986, only 1 additional dropout year would be allowed under this provision. The number of additional dropout years would increase by one each year so that the provision would be fully effective for workers who become eligible or die in 1990 or later.

Permit Voluntary Earnings Sharing as Part of a Divorce Settlement

1. Earnings credits could be shared as part of a divorce settlement if either spouse requests the sharing, and the presiding judicial official upholds this request as part of the divorce settlement.

   - Earnings credits would not be shared if both spouses agree that they do not wish to share and it appears to the judge that both parties have considered this decision and have agreed to it in good faith.

   - No judicial discretion would be permitted in cases in which a prenuptial agreement exists which provides for the treatment of earnings credits.

   - Once the divorce decree is final, the decision to share or not to share credits would be irrevocable.

2. At divorce, each spouse's covered annual earnings (as limited by the contribution and benefit base in effect for that year) would be combined and totaled for each year of marriage. One-half of this combined total for each year of marriage would be credited to each spouse's earnings record.

   - A person would be considered married for the entire year in which the marriage takes place.

   - A person would be considered unmarried for the entire year in which he or she is legally separated.

   - A person would be considered unmarried for the entire year in which a divorce takes place.

   - If both a marriage and divorce takes place in the same year, the event occurring last would be controlling for that year.

   - A person would be treated as if he or she were not married for any year in which that person or his or her spouse is entitled to Social Security benefits.

2A. Alternatively, the judge or divorcing spouses could decide/agree to share for some years of marriage and not others. (This alternative might be used, for example, in cases in which, although not legally separated, spouses had not cohabited for a number of years before a divorce decree or legal separation was sought.)

3. When one former spouse dies, the surviving divorced spouse would be credited with (i.e., inherit) the total amount of the decedent's covered annual earnings for each year of marriage.

   - The combination of survivor's and decedent's earnings credits would not exceed the contribution and benefit base in any year.

   - For purposes of paying survivor benefits to family members of the deceased worker, the decedent's earnings record would reflect the prior sharing of earnings but would not be altered due to inheritance of earnings by the former spouse.

4. No present law spouse's or surviving spouse's benefits would be available with regard to any marriage from which earnings credits were split at divorce. (An individual could, however, be eligible for a present law spouse's or surviving spouse's benefit from a previous or subsequent marriage).

5. Insured status would be determined based on the earnings record as altered by sharing/inheritance.

6. At least one of the former spouses (to be designated in the divorce settlement) would be required to report within 1 year after the divorce becomes final that earnings credits will be split for years of marriage. The former spouse would be required to provide the appropriate Social Security district office with a copy of the divorce decree/settlement which would specify the years for which splitting would occur and which would include each former spouse's Social Security number.

6A. Alternatively, States would be required to provide SSA with notice of divorce settlements which include splitting of earnings credits. The same documentation as in specification 6. would be required. SSA would reimburse States for the administrative costs of implementing this requirement.

7. Spouses who divorce while in current payment status would have benefits adjusted effective as of the month following receipt by SSA of the paperwork requesting splitting.

8. Auxiliary benefits for children, parents and spouses who are not a party to the splitting would be paid on the worker's record as altered by earnings sharing/inheritance.

Provide Disabled Spouse's Benefits

1. Social Security wife's and husband's insurance benefits would be available on the basis of a disability to certain disabled spouses of retired and disabled workers. To qualify for these benefits a wife or husband must meet the following requirements:

   - Be the wife or husband (including a divorced wife or divorced husband), as defined in section 216 of the Social Security Act, of an individual entitled to old-age insurance benefits or disability insurance benefits (see specification 7. for an exception to this requirement.);

   - Except for the attainment of age 62 or having a child in care, meet the eligibility requirements for wife's or husband's insurance benefits set forth in section 202(b)(1) and 202(c)(1) of the act, respectively;

   - Have attained age 50, but not attained age 65; and

     - Be under a disability as defined in section 223(d) of the act as it applies to disabled widow(er)'s benefits.

2. Entitlement to wife's or husband's insurance benefits on the basis of a disability would begin:

   a. with the first month in which the disabled wife or husband meets the eligibility requirements after a waiting period (as defined below), or

   b. in the case of a wife or husband previously entitled to wife's or husband's benefits on the basis of a disability which was terminated because the disability ceased, the first month in which the eligibility requirements are met again.

3. For purposes of specification 2., the waiting period would be the earliest period of 5 consecutive calendar months throughout which the wife or husband is under a disability.

4. Benefits for a disabled wife or husband would end:

   a. the month before the month any of the termination events set forth for wife's or husband's benefits (except for failure to have a child in care) in sections 202(b)(1) and 202(c)(1) of the act, respectively, occur; or

   b. the third month following the month disability ceases, except the termination month would be delayed in the event of a trial work period as it is for disabled widow(er)'s benefits.

5. A wife or husband who has not attained age 65 and who has been entitled to wife's or husband's benefits by reason of a disability for 24 calendar months would be entitled to hospital insurance benefits and eligible for supplementary medical insurance benefits under title XVIII of the Social Security Act.

6. A wife or husband who has not attained age 65 and is entitled to wife's or husband's benefits by reason other than a disability, but who could become entitled to such benefits by reason of disability, would after 24 calendar months be entitled to hospital insurance benefits and eligible for supplementary medical insurance benefits.

7. The monthly benefit amount for persons entitled to wife's or husband's benefits by reason of a disability would be equal to 50 percent of the insured worker's PIA, reduced according to section 202(q)(1)(A) of the act for persons becoming entitled at ages 62-64. For persons becoming entitled before age 62, the monthly benefit amount would be reduced to 37½ percent of the insured worker's PIA. The benefit amount would also be subject to other reduction/deduction provisions applied to wife's and husband's benefits.

8. In the case of a disabled divorced wife or disabled divorced husband, wife's or husband's benefits would be payable without regard to whether the insured individual is entitled to old-age or disability insurance benefits provided--

   a. the insured individual is fully insured and has attained age 62, and

   b. the divorced wife or divorced husband is under a disability, has been divorced from the insured individual for at least 2 years and otherwise meets the eligibility requirements for wife's or husband's benefits.

9. The provision would be effective for benefits for months after December 1985 based on applications filed after December 1985.

APPENDIX H
TECHNICAL SPECIFICATIONS FOR TRANSITIONS [125]

Transition I to Earnings Sharing
(Assumes legislation passed in 1985)

1. People who reach age 62 after 1994 would have their benefits computed under earnings sharing with the following exceptions:

   - A person who was married prior to 1990 and subsequently divorced could get a present law divorced spouse's (or surviving divorced spouse's) benefit on the basis of that marriage if it were higher than any earnings sharing benefit to which he or she might become entitled.

   - Surviving spouse's (and surviving divorced spouse's) of people who die before 1995 could get present law benefits on the basis of that marriage provided such benefits were higher than any earnings sharing benefit to which they might become entitled.

   - Surviving spouse's (and surviving divorced spouse's) of people who die after 1994 could get present law benefits on the basis of that marriage provided the marriage began prior to 1990 and provided such benefits were higher than any earnings sharing benefit to which they might become entitled.

   - People who were disabled prior to 1995 would get present law benefits unless they were off the benefit rolls for 12 or more consecutive months.

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[125] Under these transitions, certain guarantees apply to the benefits of indiviudals, rather than couples, as in H.R. 1513 (introduced in the 98th Congress). Basing the guarantee on the amount of the couple's benefit would create serious problems. For example, there would be a question of how to compute the "couple's benefit guarantee" for a divorced person entitled to spouse's benefits on more than one ex-spouse's record. On the other hand, if the "couple's benefit guarantee" were limited to intact couples and an individual guarantee applied to others, a marriage penalty/divorce incentive would be created in some cases because higher total benefits would be paid if the couple divorced.

2. Earnings records would be adjusted for years of each marriage after 1989 with the following exceptions:

   - No adjustment would be made for years of a marriage after 1989 if:

     -- such marriage began before 1990; and

     -- the marriage subsequently ended in divorce; and

     -- the person could receive a higher benefit as a result;

     or

     -- the marriage began before 1990; and

     -- one spouse died after 1994; and

     -- the survivor could receive a higher benefit as a result.

   - In the case in which a person who could have his or her benefit computed under earnings sharing is married to a person who could not have his or her benefit computed under earnings sharing, the record of the spouse whose benefit would be computed under earnings sharing would be adjusted for years of marriage after 1989, but the record of the other spouse would not be adjusted.

3. People who become eligible for Social Security benefits prior to 2031 would receive a special transitional benefit if they would qualify under present law for benefits as a worker or a spouse (not a surviving spouse) if such transitional benefit were higher than the earnings sharing benefit. (Some people who qualify for a transitional benefit might also qualify for a present law benefit based on a marriage that began prior to 1990. In such cases, the person would receive the higher of the present law or transitional benefit.)

4. The transitional benefit would be equal to the present law benefit for people reaching age 62 or becoming disabled in 1995. For people reaching age 62 or becoming disabled in each subsequent year the benefit would be equal to present law minus one percentage point for each year. (For example, the transitional benefit would be equal to 100 percent of present law for people eligible in 1995; 99 percent of present law for those eligible in 1996; 98 percent for those eligible in 1997, etc.)

5. There would be no transitional benefit for people reaching age 62 or becoming disabled in 2031 or later.

Transition II to Earnings Sharing
(Assumes legislation passed in 1985)

1. Generally, people who reach age 62, or become disabled 126/ after 1994 would have their benefits computed under earnings sharing (i.e., people who reach age 62 or become disabled prior to 1994 would have their benefits computed under present law).

2. The survivors of people who die prior to 1995 would remain eligible for present law survivor's benefits on the basis of that marriage provided such benefits were higher than any worker's benefits based on earnings sharing to which they might become entitled.

3. People who could have their benefits computed under earnings sharing would have their earnings records adjusted for years of marriage after 1989.

    - In the case in which a person who could have his or her benefits computed under earnings sharing is married to a person who could not have his or her benefit computed under earnings sharing, the record of the first spouse would be adjusted for years of marriage after 1989, but the record of the second spouse would not be adjusted.

4. Generally, a person who could have his or her benefit computed under earnings sharing and who would otherwise be eligible for a spouse's or widow(er)'s 127/ benefit (or partial benefit) under present law and who was married prior to 1990 could receive a special transitional benefit if such benefit were higher than the earnings sharing benefit.

126/ People who were entitled to disability benefits prior to 1995, but who recovered and were off the rolls for 12 or more months and subsequently become disabled would be eligible for earnings sharing.

127/ Includes people eligible for divorced spouse's or surviving divorced spouse's benefits.

5. Transitional spouse's and widow(er)'s benefits would be provided as follows:

Spouse's Benefit		Widow(er)'s Benefit	
Year of Eligibility	% of PIA	Year of Eligibility	% of PIA
1995	50	1995	100
1996	45	1996	95
1997	40	1997	90
1998	35	1998	85
--	-	--	-
--	-	--	-
2004	5	--	-
2005	0	--	-
		2014	5
		2015	0

6. Regardless of whether or not a person was married prior to 1990, the transitional spouse's benefit would not be available for individuals becoming eligible in the year 2005 and later. Transitional widow(er)'s benefits would be unavailable for those eligible after 2014.

7. The special transition benefit would be treated as an auxiliary benefit and any earnings sharing benefit for which a person qualifies would be treated as a primary or worker's benefit. The present law rules governing dual entitlement to worker's and spouse's (or surviving spouse's) benefits would apply to persons entitled to earnings sharing and transitional benefits.

APPENDIX I

DYNASIM

TECHNICAL DETAILS AND ADDITIONAL DISTRIBUTIONAL RESULTS

This appendix presents results for several earnings sharing options and transitions in 2010 and 2030. The estimates were prepared in the Office of the Assistant Secretary for Planning and Evaluation using a combination of a modified version of the DYNASIM model and a separate benefits model that calculates alternative Social Security payments.

Simulating changes nearly 50 years in the future requires a data set that reflects the very different earnings histories for all workers, but particularly for women, retiring in the 21st century. The data must also reflect the demographic changes expected over the next half century, especially large increases in the number of persons who have ever been divorced and major improvements in longevity.

One way to get such a data set would be to use current Social Security data aged to reflect changes in economic and demographic factors over the next 50 years. However, even if current records had the information about previous spouses necessary for calculating benefits, statically aging current Social Security earnings records would present a number of problems.

Current data would have to be aged in so many different dimensions that the task would be practically infeasible. Individual lifetime earnings histories would have to be adjusted to reflect increases in labor force participation rates and the growth in real earnings. In order to maintain consistency, individual patterns of marriages, divorces, and timing and number of births would have to be adjusted to reflect the changes in these economic variables. These changes would have to be made in such a way as to maintain plausible relationships between the economic and demographic histories of spouses and former spouses. At the same time that economic variables were being revised, individual cases would have to be reweighted to reflect the larger number of divorced and previously-divorced persons that are expected in the 21st century.

A better alternative is to simulate year by year life histories to create a synthetic 2030 population, which we have done using a modified version of the DYNASIM model. DYNASIM, first developed by Guy Orcutt and his colleagues at the Urban Institute in the early 1970's, starts with the exact match of the March 1973 Current Population Survey with Social Security administrative records and ages the data year by year. 128/ Births, deaths, marriages and divorces are simulated each year. Young people in school can repeat their grade, move onto the next one or quit school. Labor force hours, time unemployed and wage rates are determined annually. Social Security and pension benefits are awarded and retirement decisions are made that depend upon the level of benefits available.

Because there are no business, financial, international or government sectors in the model, it is not appropriate to forecast economic and demographic trends without some independent controls. Past versions of DYNASIM have included a simple macroeconomic model used to align the results from the household simulations. Our version of DYNASIM does not generate its own aggregate forecasts. Instead, it accepts the economic and demographic assumptions from the annual report of the Social Security Board of Trustees. 129/ The model adjusts probabilities and predictions for individuals up or down to produce average rates that are consistent with those assumptions.

The model is adjusted to reflect the birth, death, labor force participation and unemployment rates and average earnings assumed by the Social Security actuaries. Some of the key assumptions of the model are:

- Labor force participation rates for most groups will remain relatively unchanged. However, the rate for married women will continue its 40-year-long increase, but at a somewhat slower rate.

- Current rates of divorce for marriages of different durations will remain unchanged. Rates of first marriage for men and women and the rate of remarriage for men will remain constant, but the remarriage rate for women will rise.

128/ See: Guy Orcutt, Steven Caldwell, and Richard Wertheimer II, Policy Exploration Through Microanalytic Simulation. The Urban Institute, (Washington, D.C.: 1976).

129/ The data set created for these simulations was based on the II-B assumptions contained in the 1983 Report of the Social Security Board of Trustees. The II-B assumptions were the more pessimistic of the two intermediate assumptions. Since the data used for this report were produced, the 1984 assumptions were released. None of the changes in assumptions between 1983 and 1984 is likely to have any significant impact on the simulated effect of earnings sharing.

Although we assume that the rate of marriage breakup remains constant, the fraction of the population that is divorced will continue to grow for many years, especially for the aged population. 130/

Divorce was rare during most of the married years of persons who are now aged. Those reaching retirement age in the 21st century will have experienced high rates of marriage breakup throughout their lives.

- The current ratio of average annual earnings for men and women will remain constant.
- Once a person reaches the age of eligibility, he or she accepts benefits in the first year that his or her earnings fall below the exempt amount. Under earnings sharing it is to the advantage of many persons to apply for benefits when their spouse reaches age 62 in order to trigger the sharing of earnings even though they plan to continue working and not collect benefits. The model assumes, for earnings sharing proposals, that all married persons who have earnings above the exempt amount apply for benefits as soon as the other spouse has earnings below the exempt amount and both spouses are at least age 62, even though some families would be better off if they waited.

The problems involved in even such a limited use of the model are enormous. People who are first eligible for retirement benefits in 2030 were only 4 years old when the input data were collected. Every event in their lives after birth has to be simulated. Many of these events will affect their Social Security benefits under current and proposed formulas. Although the model comes close to reproducing the economic and demographic forecasts of the actuaries on a year-by-year basis, there are no control totals to match for the distribution of these variables over individual lifetimes or for the joint distribution of economic and demographic variables at any particular point in time. In recent years many changes have been made to the model so that it produces not only annual distributions but also joint distributions and lifetime histories that are consistent with behavior that is currently observed or that can reasonably be predicted.

130/ The marital status categories in the tables in this appendix are the standard Census Bureau categories. Persons who are currently married are in the married category even if they were previously divorced or widowed. The marital status of a divorced person does not change if the ex-spouse dies.

Despite the heroic assumptions involved in creating such a 2030 data set, it appears to be a reasonably realistic representation of what a sample of families will look like in 2030 if all of the assumptions of the Social Security Trustees prove to be accurate.

Once a simulated sample population has been generated, the model calculates Social Security benefit payments. Although the economic and demographic characteristics of our population were adjusted to match the assumptions of the Social Security Board of Trustees in the aggregate for each year, there is nothing in the model that forces the benefits generated for the 2030 population to equal those forecast by the Social Security actuaries.

The model calculates eligibility and benefit payments using all of the rules and regulations of the Social Security program as it stands after the Social Security Amendments of 1983. The model determines quarters of coverage for all workers who are at least 62, disabled or deceased, and, if they meet the insured status requirements, the model calculates the appropriate AIME and PIA. Benefits are assigned to workers, auxiliaries and survivors, and are adjusted for early or late retirement, the family maximum and the earnings test.

The following tables provide additional information on the distributional effects of earnings sharing based on the DYNASIM model. The tables are organized as follows:

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GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	27935	43793	15889	15462	9706	24850	2343	3486
% WITH NO CHANGE	18%	40%	5%	6%	20%	53%	100%	100%
% WITH INCREASES	18	49	10	84	37	34	0	0
GAIN 1-5%	7	5	3	5	17	6	0	0
GAIN 6-20%	8	18	4	25	16	16	0	0
GAIN 21+%	3	26	2	54	4	12	0	0
% WITH DECREASES	64	11	86	11	43	13	0	0
LOSE 1-5%	9	2	9	3	12	2	0	0
LOSE 6-20%	44	5	61	6	29	5	0	0
LOSE 21-99%	10	4	16	2	2	6	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10234	$ 7625	$10784	$ 6126	$ 9792	$ 8664	$ 8345	$ 6932
% DIFF (PROPOSAL)	-7.3%	7.5%	-11.4%	22.7%	-1.4%	1.6%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 8597	$ 6576	$ 7268	$ 5945	$ 9162	$ 7527	$ 0	$ 0
% INCR (PROPOSAL)	9.4%	23.9%	12.9%	29.5%	8.3%	17.2%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$11055	$ 8773	$11253	$ 6344	$10404	$10020	$ 0	$ 0
% DECR (PROPOSAL)	-12.8%	-20.6%	-13.7%	-11.0%	-9.4%	-23.7%	0.0%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A2

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES, BY RACE
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH BOTH RECEIVING AND EITHER SPOUSE 62 OR OVER)

	MARRIED COUPLES		WIDOWED				DIVORCED			
			MEN		WOMEN		MEN		WOMEN	
	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12057	1359	3170	686	13323	2015	5023	831	7908	1608
% WITH NO CHANGE	19%	23%	29%	22%	63%	54%	14%	23%	38%	39%
% WITH INCREASES	37	29	63	71	24	33	17	29	50	47
GAIN 1-5%	20	18	29	18	4	6	9	13	8	10
GAIN 6-20%	15	8	27	35	11	14	6	14	23	23
GAIN 21+%	2	3	6	18	8	12	2	3	19	13
% WITH DECREASES	44	48	8	7	13	14	69	49	11	14
LOSE 1-5%	26	30	3	2	1	2	18	15	3	4
LOSE 6-20%	16	15	4	4	5	4	47	31	5	7
LOSE 21-99%	2	3	1	1	7	8	4	3	4	3
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$17188	$14537	$10284	$ 7928	$ 9545	$ 7625	$10164	$ 7173	$ 7821	$ 6799
% DIFF (PROPOSAL)	-0.2%	-1.2%	4.0%	8.1%	-0.2%	2.8%	-5.7%	-3.0%	4.9%	3.3%
GAINERS										
PRES LAW BEN.	$17659	$15119	$10071	$ 7856	$ 8873	$ 7267	$ 8566	$ 6381	$ 6791	$ 6016
% INCR (PROPOSAL)	6.2%	6.4%	7.6%	12.6%	16.8%	20.2%	7.7%	8.4%	17.4%	15.3%
LOSERS										
PRES LAW BEN.	$17025	$14637	$10555	$ 9400	$10784	$ 8422	$10702	$ 7878	$ 9419	$ 8434
% DECR (PROPOSAL)	-6.0%	-6.5%	-8.6%	-8.9%	-26.1%	-23.0%	-9.4%	-9.6%	-19.8%	-17.2%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A3

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY PRIOR MARITAL HISTORY
(WIDOWS AND WIDOWERS AGE 62 OR OLDER)

	WIDOWS				WIDOWERS			
			MARRIED 2 OR MORE TIMES				MARRIED 2 OR MORE TIMES	
	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15337	10400	2202	2734	3856	2431	386	1039
% WITH NO CHANGE	62%	73%	49%	29%	28%	28%	44%	23%
% WITH INCREASES	25	25	20	28	64	72	55	49
GAIN 1-5%	5	4	4	6	27	31	29	19
GAIN 6-20%	12	12	10	13	29	31	22	25
GAIN 21+%	9	9	6	9	8	10	4	5
% WITH DECREASES	13	2	31	42	8	0	1	28
LOSE 1-5%	1	0	4	4	3	0	0	10
LOSE 6-20%	4	1	9	14	4	0	1	16
LOSE 21-99%	7	1	18	24	1	0	0	2
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 9293	$ 9099	$ 9740	$ 9662	$ 9865	$ 9890	$ 9764	$ 9846
% DIFF (PROPOSAL)	0.1%	3.8%	-5.9%	-8.3%	4.6%	6.0%	3.7%	1.7%
GAINERS								
PRES LAW BEN.	$ 8596	$ 8630	$ 8660	$ 8451	$ 9635	$ 9686	$ 9983	$ 9317
% INCR (PROPOSAL)	17.3%	17.9%	16.3%	15.7%	8.4%	8.4%	6.8%	9.1%
LOSERS								
PRES LAW BEN.	$10464	$ 9583	$10525	$10589	$10365	$ 0	$ 9751	$10413
% DECR (PROPOSAL)	-25.8%	-21.6%	-26.2%	-26.3%	-8.7%	0.0%	-19.3%	-8.4%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A4

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN AND MEN, BY PRIOR MARITAL HISTORY
(DIVORCED PERSONS AGE 62 OR OLDER)

	DIVORCED WOMEN					DIVORCED MEN				
		MARRIED ONCE		MARRIED 2 OR MORE TIMES			MARRIED ONCE		MARRIED 2 OR MORE TIMES	
	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9515	1010	1159	5712	1637	5853	258	1113	2065	2418
% WITH NO CHANGE	38%	70%	25%	43%	11%	15%	48%	18%	21%	6%
% WITH INCREASES	50	25	63	43	78	19	48	7	37	5
GAIN 1-5%	9	4	10	8	12	10	24	4	19	3
GAIN 6-20%	23	14	29	20	36	7	16	2	14	2
GAIN 21+%	18	7	24	15	31	2	8	1	3	1
% WITH DECREASES	12	5	12	13	11	66	3	75	42	89
LOSE 1-5%	3	0	8	2	6	18	0	17	20	18
LOSE 6-20%	5	2	4	6	5	45	3	51	21	66
LOSE 21-99%	4	2	0	6	0	4	0	7	1	5
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 7649	$ 8361	$ 6485	$ 8108	$ 6423	$ 9748	$ 8641	$ 9247	$ 9798	$10033
% DIFF (PROPOSAL)	4.7%	2.5%	10.0%	2.3%	12.9%	-5.5%	4.4%	-8.3%	-0.8%	-9.0%
GAINERS										
PRES LAW BEN.	$ 6668	$ 7816	$ 6236	$ 6860	$ 6321	$ 8092	$ 8973	$ 4981	$ 8739	$ 5452
% INCR (PROPOSAL)	17.1%	15.3%	17.9%	16.8%	17.6%	7.8%	9.5%	10.7%	6.9%	12.2%
LOSERS										
PRES LAW BEN.	$ 9216	$10092	$ 7963	$ 9821	$ 7286	$10407	$ 8579	$10078	$10660	$10439
% DECR (PROPOSAL)	-19.3%	-18.5%	-5.8%	-23.7%	-5.2%	-9.5%	-13.9%	-10.8%	-6.6%	-10.1%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A5

EFFECT OF EARNINGS SHARING ON
AGED MARRIED COUPLES, BY PRIOR MARITAL HISTORY
(EITHER SPOUSE AGE 62 OR OLDER AND BOTH RECEIVING BENEFITS)

			ONLY HUSBAND MARRIED MORE THAN ONCE		ONLY WIFE MARRIED MORE THAN ONCE		BOTH MARRIED MORE THAN ONCE	
	TOTAL	BOTH MARRIED ONCE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	13414	7128	229	582	494	399	3228	1359
% WITH NO CHANGE	19%	21%	24%	21%	22%	18%	17%	15%
% WITH INCREASES	37	32	36	34	27	32	49	37
GAIN 1-5%	20	20	25	19	15	22	20	20
GAIN 6-20%	15	11	11	14	12	9	24	15
GAIN 21+%	2	1	0	1	0	1	5	2
% WITH DECREASES	44	47	40	44	51	50	34	49
LOSE 1-5%	26	29	22	23	26	28	19	30
LOSE 6-20%	16	16	13	13	24	21	14	15
LOSE 21-99%	2	1	5	9	1	1	1	3
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$16921	$16778	$15693	$16401	$16963	$17364	$17250	$17127
% DIFF (PROPOSAL)	-0.3%	-0.8%	-2.2%	-1.8%	-2.2%	-1.5%	1.9%	-1.1%
GAINERS								
PRES LAW BEN.	$17452	$17984	$16360	$18324	$16758	$17415	$16902	$16802
% INCR (PROPOSAL)	6.2%	5.1%	4.2%	6.2%	5.1%	4.5%	8.6%	5.4%
LOSERS								
PRES LAW BEN.	$16761	$16484	$15687	$14936	$16949	$17288	$17686	$17248
% DECR (PROPOSAL)	-6.1%	-5.4%	-9.4%	-10.3%	-7.0%	-6.0%	-6.4%	-6.3%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A6

EFFECT OF EARNINGS SHARING ON
EVER DIVORCED AND EVER WIDOWED WOMEN, BY PRIOR MARITAL HISTORY
(EVER DIVORCED AND EVER WIDOWED WOMEN AGE 62 OR OLDER)

	EVER DIVORCED WOMEN						EVER WIDOWED WOMEN				
			MARRIED 2 OR MORE TIMES						MARRIED 2 OR MORE TIMES		
				CURRENTLY NOT MARRIED						CURRENTLY NOT MARRIED	
	TOTAL	MARRIED ONCE	CURRENTLY MARRIED	ALL SPOUSES ALIVE	ALL SPOUSES DEAD	OTHER	TOTAL	MARRIED ONCE	CURRENTLY MARRIED	ALL SPOUSES DEAD	SOME SPOUSES ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	20287	2169	6285	1637	2913	7286	17334	10400	968	2443	3523
% WITH NO CHANGE	29%	46%	8%	11%	53%	36%	59%	73%	27%	51%	34%
% WITH INCREASES	54	45	81	78	23	41	27	25	38	20	29
GAIN 1-5%	7	7	5	12	5	8	5	4	3	4	6
GAIN 6-20%	22	22	26	36	11	19	12	12	17	10	13
GAIN 21+%	26	16	50	31	7	14	10	9	38	6	10
% WITH DECREASES	17	9	10	11	24	24	14	2	15	30	37
LOSE 1-5%	3	4	3	6	3	3	1	0	2	4	4
LOSE 6-20%	7	3	5	5	8	9	5	1	9	9	13
LOSE 21-99%	7	1	2	0	13	12	7	1	4	17	20
LOSE 100%	0	0	0	0	1	0	[illegible]	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7734	$ 7358	$ 6432	$ 6423	$ 9475	$ 8561	$ 9150	$ 9099	$ 7415	$ 9677	$ 9403
% DIFF (PROPOSAL)	5.4%	6.0%	20.1%	12.9%	-3.7%	-1.4%	0.9%	3.8%	16.4%	-5.5%	-6.2%
GAINERS											
PRES LAW BEN.	$ 6586	$ 6642	$ 6079	$ 6321	$ 8093	$ 7222	$ 8317	$ 8630	$ 6510	$ 8684	$ 8351
% INCR (PROPOSAL)	21.5%	17.1%	27.8%	17.6%	15.7%	16.7%	19.2%	17.9%	37.2%	16.0%	16.3%
LOSERS											
PRES LAW BEN.	$ 9470	$ 8530	$ 7111	$ 7286	$10482	$10274	$10242	$ 9583	$ 7907	$10518	$10452
% DECR (PROPOSAL)	-21.7%	-9.8%	-11.5%	-5.2%	-25.1%	-25.2%	-25.1%	-21.6%	-17.1%	-26.0%	-25.7%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A7

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9607	2842	46	370	1541	885	6767	46	270	2239	4213
% WITH NO CHANGE	38%	17%	9%	3%	8%	38%	47%	18%	5%	25%	62%
% WITH INCREASES	50	72	64	79	81	54	41	45	82	60	28
GAIN 1-5%	9	11	9	6	12	14	8	9	11	8	7
GAIN 6-20%	23	32	18	26	37	29	19	9	34	27	14
GAIN 21+%	18	28	36	47	33	12	14	27	37	24	6
% WITH DECREASES	12	11	27	18	11	8	12	36	14	15	10
LOSE 1-5%	3	7	18	9	7	4	2	0	5	2	2
LOSE 6-20%	5	5	9	9	4	4	5	0	3	7	4
LOSE 21-99%	4	0	0	0	0	0	5	0	6	6	4
LOSE 100%	0	0	0	0	0	0	0	36	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7647	$ 6473	$ 7969	$ 7169	$ 6642	$ 5810	$ 8139	$ 7083	$ 7275	$ 8229	$ 8157
% DIFF (PROPOSAL)	4.6%	11.7%	13.4%	15.9%	13.6%	5.8%	2.2%	-15.7%	13.8%	5.9%	-0.2%
GAINERS											
PRES LAW BEN.	$ 6681	$ 6307	$ 7469	$ 6750	$ 6391	$ 5747	$ 6960	$ 8503	$ 6806	$ 7188	$ 6702
% INCR (PROPOSAL)	17.2%	17.8%	25.0%	23.1%	18.3%	12.1%	16.8%	26.6%	22.5%	19.0%	12.7%
LOSERS											
PRES LAW BEN.	$ 9157	$ 7604	$ 8108	$ 8871	$ 7730	$ 6107	$ 9759	$ 5889	$ 9296	$ 9791	$ 9921
% DECR (PROPOSAL)	-19.9%	-5.4%	-5.0%	-5.4%	-4.8%	-7.3%	-24.3%	-100.0%	-19.1%	-22.0%	-24.8%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A8

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED MEN, BY AGE
(DIVORCED MEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5944	3586	54	453	2069	1010	2360	37	112	1026	1184
% WITH NO CHANGE	16%	10%	0%	6%	6%	19%	25%	67%	15%	15%	32%
% WITH INCREASES	19	6	15	7	7	3	38	11	22	37	40
GAIN 1-5%	10	3	15	4	3	2	20	0	19	17	22
GAIN 6-20%	7	2	0	4	2	1	14	11	0	15	15
GAIN 21+%	2	1	0	0	1	0	4	0	4	5	2
% WITH DECREASES	66	84	85	86	87	78	38	22	63	47	28
LOSE 1-5%	17	17	8	12	14	27	18	0	19	18	18
LOSE 6-20%	44	61	46	62	66	51	19	0	41	28	10
LOSE 21-99%	4	6	31	12	7	0	1	0	4	2	0
LOSE 100%	0	0	0	0	0	0	0	22	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9739	$ 9825	$12477	$ 9399	$ 9917	$ 9689	$ 9605	$ 5620	$10144	$10234	$ 9136
% DIFF (PROPOSAL)	-5.6%	-8.9%	-13.2%	-11.5%	-9.7%	-5.9%	-0.4%	-15.9%	-3.8%	-0.8%	0.6%
GAINERS											
PRES LAW BEN.	$ 8106	$ 5399	$ 8756	$ 4779	$ 5494	$ 4765	$ 8779	$10362	$ 8676	$ 9081	$ 8527
% INCR (PROPOSAL)	7.8%	11.2%	4.2%	6.3%	11.3%	18.5%	7.3%	12.0%	6.2%	9.0%	5.9%
LOSERS											
PRES LAW BEN.	$10427	$10380	$13153	$ 9953	$10464	$10243	$10585	$ 4642	$10508	$11010	$10122
% DECR (PROPOSAL)	-9.6%	-10.4%	-15.3%	-12.9%	-11.0%	-7.4%	-7.1%	-100.0%	-7.5%	-7.4%	-5.3%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A9

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH SURVIVOR BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING SURVIVOR BENEFITS)

		ONLY CHILD(REN) BENEFICIARIES			SURVIVING PARENT AND CHILD(REN) BENEFICIARIES			ONLY SPOUSE BENEFICIARIES		
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIDOW	WIDOWER
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	20594	839	158	681	474	440	33	19282	18651	640
% WITH NO CHANGE	59%	6%	3%	7%	0%	0%	0%	63%	64%	40%
% WITH INCREASES	21	34	87	21	12	10	38	21	20	36
GAIN 1-5%	4	3	0	4	2	2	0	4	4	8
GAIN 6-20%	10	14	24	12	5	6	0	10	10	16
GAIN 21+%	7	16	63	5	5	3	38	7	7	12
% WITH DECREASES	20	60	11	71	88	90	63	16	16	24
LOSE 1-5%	2	4	3	4	1	0	13	2	2	1
LOSE 6-20%	7	36	8	42	4	5	0	6	5	10
LOSE 21-99%	10	20	0	25	82	85	50	8	8	4
LOSE 100%	1	0	0	0	0	0	0	1	1	8
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 9571	$ 8848	$ 5768	$ 9562	$17041	$17578	$ 9919	$ 9419	$ 9502	$ 7099
% DIFF (PROPOSAL)	-3.3%	-6.7%	34.2%	-12.5%	-33.9%	-35.0%	-8.9%	-1.8%	-1.8%	-2.1%
GAINERS										
PRES LAW BEN.	$ 8514	$ 5979	$ 5745	$ 6200	$14328	$16894	$ 4920	$ 8608	$ 8725	$ 6834
% INCR (PROPOSAL)	17.6%	28.3%	40.7%	17.5%	21.1%	15.6%	90.5%	17.0%	17.0%	17.3%
LOSERS										
PRES LAW BEN.	$10991	$10889	$ 6884	$11026	$17420	$17657	$12919	$10164	$10336	$ 6796
% DECR (PROPOSAL)	-29.1%	-17.9%	-7.7%	-18.1%	-40.2%	-40.6%	-31.6%	-28.5%	-28.3%	-35.5%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A10

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH RETIREMENT BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING RETIREMENT BENEFITS)

		ONLY CHILD(REN) AUXILIARIES			MOTHER OR FATHER AND CHILD(REN) AUXILIARIES			ONLY SPOUSE AUXILIARY			
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIFE	HUSBAND	WORKER(S) ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	56520	590	21	569	258	253	4	6717	6335	382	48959
% WITH NO CHANGE	40%	11%	0%	11%	0%	0%	0%	13%	14%	8%	44%
% WITH INCREASES	34	28	100	26	13	13	0	37	35	64	33
GAIN 1-5%	10	6	0	7	2	2	0	14	15	7	10
GAIN 6-20%	14	8	0	9	6	7	0	15	14	35	14
GAIN 21+%	9	13	100	10	5	5	0	8	7	23	10
% WITH DECREASES	26	61	0	64	87	87	100	50	51	28	22
LOSE 1-5%	9	16	0	17	10	10	0	23	24	3	7
LOSE 6-20%	13	38	0	39	37	36	100	26	27	14	11
LOSE 21-99%	4	7	0	7	40	41	0	1	1	11	4
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$10522	$10094	$10020	$10096	$19434	$19467	$17444	$15180	$15636	$ 7604	$ 9847
% DIFF (PROPOSAL)	0.7%	-3.3%	54.8%	-5.5%	-17.0%	-17.0%	-18.0%	-0.5%	-0.9%	13.1%	1.2%
GAINERS											
PRES LAW BEN.	$ 9998	$ 7913	$10020	$ 7611	$13898	$13898	$ 0	$13575	$14171	$ 8180	$ 9471
% INCR (PROPOSAL)	12.5%	17.6%	54.8%	10.6%	17.7%	17.7%	0.0%	8.6%	7.7%	23.8%	13.3%
LOSERS											
PRES LAW BEN.	$12757	$10820	$ 0	$10820	$20254	$20307	$17444	$16568	$16892	$ 6864	$11507
% DECR (PROPOSAL)	-10.4%	-11.1%	0.0%	-11.1%	-20.6%	-20.6%	-18.0%	-6.2%	-6.1%	-12.7%	-11.9%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A11

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH DISABILITY BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING DISABILITY BENEFITS)

		ONLY CHILD(REN) AUXILIARIES			MOTHER OR FATHER AND CHILD(REN) AUXILIARIES			ONLY SPOUSE AUXILIARY			
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIFE	HUSBAND	WORKER(S) ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5430	681	237	445	237	212	25	204	187	17	4308
% WITH NO CHANGE	17%	4%	5%	3%	5%	6%	0%	10%	9%	25%	20%
% WITH INCREASES	40	43	88	20	16	8	83	43	42	50	41
GAIN 1-5%	5	5	7	5	5	4	17	10	9	25	4
GAIN 6-20%	11	13	19	10	4	2	17	14	16	0	11
GAIN 21+%	25	24	61	5	7	2	50	18	18	25	26
% WITH DECREASES	42	53	7	78	79	86	17	47	49	25	38
LOSE 1-5%	6	4	2	5	2	2	0	10	11	0	6
LOSE 6-20%	24	30	4	44	32	35	0	33	33	25	22
LOSE 21-99%	13	19	2	28	46	49	17	4	4	0	10
LOSE 100%	0	1	0	1	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$11086	$11320	$11033	$11473	$17283	$18243	$ 9128	$16612	$16981	$12458	$10446
% DIFF (PROPOSAL)	2.6%	3.6%	36.8%	-13.4%	-15.2%	-17.5%	22.5%	-1.5%	-1.8%	2.3%	4.3%
GAINERS											
PRES LAW BEN.	$ 8727	$ 9601	$10720	$ 6937	$10685	$12329	$ 9370	$12076	$12349	$ 9483	$ 8375
% INCR (PROPOSAL)	33.3%	38.1%	44.6%	13.9%	23.4%	17.2%	29.9%	12.6%	12.5%	14.3%	34.2%
LOSERS											
PRES LAW BEN.	$13576	$12604	$14914	$12493	$18911	$19161	$ 7921	$20445	$20484	$19593	$12791
% DECR (PROPOSAL)	-15.5%	-17.6%	-13.1%	-17.8%	-20.3%	-20.3%	-21.7%	-9.4%	-9.5%	-8.2%	-14.8%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A12

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	2047	2018	2643	11801	2992	5791
% WITH NO CHANGE	40%	51%	14%	15%	80%	94%	58%	78%
% WITH INCREASES	28	20	9	79	19	3	7	17
GAIN 1-5%	14	17	5	7	11	1	5	5
GAIN 6-20%	6	3	3	24	7	1	2	10
GAIN 21+%	8	0	2	47	1	0	1	2
% WITH DECREASES	33	29	77	6	1	3	35	4
LOSE 1-5%	16	18	21	3	1	0	21	3
LOSE 6-20%	15	9	54	3	0	1	14	1
LOSE 21-99%	1	1	1	1	0	2	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10638	$12544	$ 8172	$ 4765	$ 7331	$ 6555	$ 7396	$ 5455
% DIFF (PROPOSAL)	0.0%	-0.9%	-5.3%	19.8%	1.0%	-0.9%	-1.7%	1.3%
GAINERS								
PRES LAW BEN.	$ 9084	$13514	$ 6434	$ 4362	$ 7861	$ 6306	$ 6100	$ 4928
% INCR (PROPOSAL)	9.1%	3.3%	14.7%	28.5%	5.7%	10.7%	5.5%	10.3%
LOSERS								
PRES LAW BEN.	$11220	$13104	$ 8605	$ 5688	$ 8901	$ 7693	$ 8592	$ 4909
% DECR (PROPOSAL)	-6.1%	-5.3%	-7.9%	-9.5%	-15.4%	-33.8%	-4.9%	-7.8%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A13

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17214	29137	10828	10555	5635	17590	753	993
% WITH NO CHANGE	49%	68%	36%	29%	68%	89%	100%	100%
% WITH INCREASES	8	23	5	50	13	8	0	0
GAIN 1-5%	4	5	3	11	8	2	0	0
GAIN 6-20%	3	12	2	25	4	4	0	0
GAIN 21+%	1	6	1	14	1	1	0	0
% WITH DECREASES	43	10	59	21	19	3	0	0
LOSE 1-5%	21	4	27	10	11	1	0	0
LOSE 6-20%	22	4	31	10	7	1	0	0
LOSE 21-99%	0	1	0	0	0	1	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 7789	$ 5577	$ 8091	$ 4534	$ 7365	$ 6193	$ 6609	$ 5750
% DIFF (PROPOSAL)	-2.5%	1.8%	-3.6%	6.8%	-0.4%	-0.2%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 6718	$ 4689	$ 5972	$ 4545	$ 7322	$ 5264	$ 0	$ 0
% INCR (PROPOSAL)	6.5%	14.7%	7.7%	16.0%	5.6%	10.4%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$ 8787	$ 4782	$ 8818	$ 4306	$ 8601	$ 6535	$ 0	$ 0
% DECR (PROPOSAL)	-6.0%	-11.8%	-6.1%	-6.1%	-5.3%	-25.7%	0.0%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A14

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES, BY RACE
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH BOTH RECEIVING AND EITHER SPOUSE 62 OR OVER)

	MARRIED COUPLES		WIDOWED				DIVORCED			
			MEN		WOMEN		MEN		WOMEN	
	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	7973	889	2239	405	10499	1302	2611	380	4806	985
% WITH NO CHANGE	51%	52%	78%	86%	95%	90%	56%	75%	77%	83%
% WITH INCREASES	21	19	21	12	2	6	8	7	18	13
GAIN 1-5%	17	15	12	8	1	2	5	6	5	6
GAIN 6-20%	3	3	8	4	1	3	2	1	11	7
GAIN 21+%	0	0	1	0	0	1	1	0	2	1
% WITH DECREASES	29	29	1	2	3	5	37	18	4	4
LOSE 1-5%	18	18	1	1	0	0	22	9	3	2
LOSE 6-20%	9	8	0	0	1	2	15	8	1	2
LOSE 21-99%	1	2	0	0	2	3	0	0	0	0
LOSE 100%	0	0	0	1	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$12647	$11624	$ 7604	$ 5823	$ 6721	$ 5216	$ 7630	$ 5787	$ 5653	$ 4492
% DIFF (PROPOSAL)	-0.9%	-0.9%	1.2%	-0.9%	-0.9%	-1.1%	-1.7%	-1.0%	1.4%	0.5%
GAINERS										
PRES LAW BEN.	$13674	$11953	$ 7981	$ 6711	$ 6453	$ 5828	$ 6283	$ 4821	$ 5045	$ 4130
% INCR (PROPOSAL)	3.3%	3.8%	5.8%	4.8%	11.3%	8.2%	5.7%	3.7%	10.5%	8.7%
LOSERS										
PRES LAW BEN.	$13198	$12265	$ 9549	$ 6957	$ 8003	$ 6206	$ 8700	$ 7059	$ 4931	$ 4779
% DECR (PROPOSAL)	-5.3%	-5.3%	-3.3%	-65.2%	-34.3%	-30.7%	-4.9%	-5.8%	-6.9%	-13.2%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A15

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	1129	3452	4281	2047	2018
% WITH NO CHANGE	40%	51%	42%	42%	60%	14%	15%
% WITH INCREASES	28	20	2	14	31	9	79
GAIN 1-5%	14	17	1	11	26	5	7
GAIN 6-20%	6	3	1	2	4	3	24
GAIN 21+%	8	0	0	0	1	2	47
% WITH DECREASES	33	29	56	44	9	77	6
LOSE 1-5%	16	18	18	30	9	21	3
LOSE 6-20%	15	9	27	14	0	54	3
LOSE 21-99%	1	1	11	0	0	1	1
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$10638	$12544	$11510	$13250	$12245	$ 8172	$ 4765
% DIFF (PROPOSAL)	0.0%	-0.9%	-6.2%	-1.4%	0.9%	-5.3%	19.8%
GAINERS							
PRES LAW BEN.	$ 9084	$13514	$11722	$14103	$13330	$ 6434	$ 4362
% INCR (PROPOSAL)	9.1%	3.3%	5.3%	3.3%	3.3%	14.7%	28.5%
LOSERS							
PRES LAW BEN.	$11220	$13104	$12264	$13615	$12490	$ 8605	$ 5688
% DECR (PROPOSAL)	-6.1%	-5.3%	-10.6%	-4.1%	-2.0%	-7.9%	-9.5%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A16

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10555	961	44	3136	465	5951
% WITH NO CHANGE	29%	43%	82%	26%	88%	24%
% WITH INCREASES	50	8	0	42	2	65
GAIN 1-5%	11	1	0	9	1	14
GAIN 6-20%	25	5	0	24	1	31
GAIN 21+%	14	3	0	9	0	20
% WITH DECREASES	21	48	18	33	10	11
LOSE 1-5%	10	19	0	15	1	7
LOSE 6-20%	10	30	0	18	3	4
LOSE 21-99%	0	0	18	0	7	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 4534	$ 3512	$ 7259	$ 4004	$ 7499	$ 4728
% DIFF (PROPOSAL)	6.8%	-1.9%	-7.1%	4.1%	-1.9%	10.3%
GAINERS						
PRES LAW BEN.	$ 4545	$ 3431	$ 0	$ 4232	$ 8223	$ 4666
% INCR (PROPOSAL)	16.0%	16.4%	0.0%	13.4%	8.1%	16.8%
LOSERS						
PRES LAW BEN.	$ 4306	$ 3773	$ 5927	$ 3957	$ 7028	$ 5013
% DECR (PROPOSAL)	-6.1%	-6.3%	-47.6%	-5.6%	-21.1%	-4.5%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A17

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10828	112	0	0	12	10699
% WITH NO CHANGE	36%	54%	0%	0%	67%	36%
% WITH INCREASES	5	29	0	0	0	5
GAIN 1-5%	3	0	0	0	0	3
GAIN 6-20%	2	4	0	0	0	2
GAIN 21+%	1	25	0	0	0	0
% WITH DECREASES	59	18	0	0	33	59
LOSE 1-5%	27	7	0	0	0	27
LOSE 6-20%	31	11	0	0	0	32
LOSE 21-99%	0	0	0	0	33	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 8091	$ 1919	$ 0	$ 0	$ 5188	$ 8162
% DIFF (PROPOSAL)	-3.6%	20.4%	0.0%	0.0%	-13.7%	-3.6%
GAINERS						
PRES LAW BEN.	$ 5972	$ 1887	$ 0	$ 0	$ 0	$ 6239
% INCR (PROPOSAL)	7.7%	80.3%	0.0%	0.0%	0.0%	6.3%
LOSERS						
PRES LAW BEN.	$ 8818	$ 2112	$ 0	$ 0	$ 7161	$ 8840
% DECR (PROPOSAL)	-6.1%	-10.9%	0.0%	0.0%	-29.8%	-6.1%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A18

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17590	5791	160	252	545	1642	3192	11801	2095	7901	1806
% WITH NO CHANGE	89%	78%	95%	100%	55%	98%	70%	94%	98%	94%	90%
% WITH INCREASES	8	17	5	0	19	1	27	3	0	2	10
GAIN 1-5%	2	5	0	0	7	0	8	1	0	1	4
GAIN 6-20%	4	10	3	0	10	1	16	1	0	1	4
GAIN 21+%	1	2	3	0	2	0	3	0	0	0	2
% WITH DECREASES	3	4	0	0	26	1	3	3	2	4	0
LOSE 1-5%	1	3	0	0	15	0	2	0	0	0	0
LOSE 6-20%	1	1	0	0	11	0	1	1	0	1	0
LOSE 21-99%	1	0	0	0	0	1	0	2	2	2	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6193	$ 5455	$ 3110	$ 6817	$ 4199	$ 6998	$ 4887	$ 6555	$ 6517	$ 7029	$ 4525
% DIFF (PROPOSAL)	-0.2%	1.3%	2.6%	0.0%	0.7%	-0.3%	2.7%	-0.9%	-1.4%	-1.1%	1.4%
GAINERS											
PRES LAW BEN.	$ 5264	$ 4928	$ 2512	$ 0	$ 4458	$ 5964	$ 4987	$ 6306	$ 0	$ 5599	$ 6060
% INCR (PROPOSAL)	10.4%	10.3%	63.9%	0.0%	10.5%	12.4%	10.0%	10.7%	0.0%	10.7%	10.6%
LOSERS											
PRES LAW BEN.	$ 6535	$ 4909	$ 0	$ 0	$ 4250	$ 9371	$ 5135	$ 7693	$ 7800	$ 7784	$ 0
% DECR (PROPOSAL)	-25.7%	-7.8%	0.0%	0.0%	-5.4%	-29.1%	-4.1%	-33.8%	-51.6%	-31.2%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A19

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	14727	12013	212	529	3020	8253	2715	72	116	713	1814
% WITH NO CHANGE	91%	94%	83%	68%	86%	99%	79%	78%	24%	47%	96%
% WITH INCREASES	6	3	8	17	7	0	19	22	69	49	4
GAIN 1-5%	3	1	0	5	3	0	11	11	34	30	2
GAIN 6-20%	3	1	8	8	3	0	7	6	31	17	2
GAIN 21+%	1	0	0	4	1	0	1	6	3	2	0
% WITH DECREASES	3	3	9	15	7	1	1	0	7	3	0
LOSE 1-5%	0	0	0	2	0	0	1	0	7	2	0
LOSE 6-20%	1	1	2	7	2	0	0	0	0	1	0
LOSE 21-99%	1	2	0	7	5	1	0	0	0	0	0
LOSE 100%	0	0	8	0	0	0	0	0	0	1	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6685	$ 6550	$ 6261	$ 6988	$ 7345	$ 6238	$ 7281	$ 5432	$ 7267	$ 3241	$ 6978
% DIFF (PROPOSAL)	-0.5%	-1.0%	-5.3%	-1.5%	-2.1%	-0.3%	1.2%	9.3%	4.5%	1.9%	0.3%
GAINERS											
PRES LAW BEN.	$ 7240	$ 6292	$ 6016	$ 6460	$ 6319	$ 0	$ 7854	$ 7648	$ 6951	$ 3118	$ 7629
% INCR (PROPOSAL)	7.8%	10.6%	9.4%	13.9%	8.9%	0.0%	6.4%	29.3%	7.0%	5.3%	6.4%
LOSERS											
PRES LAW BEN.	$ 7659	$ 7551	$ 5074	$ 7064	$ 7615	$ 8805	$ 8901	$ 0	$ 5928	$ 3892	$ 0
% DECR (PROPOSAL)	-33.6%	-35.4%	-78.4%	-23.4%	-37.1%	-35.7%	-15.4%	0.0%	-3.9%	-17.7%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A20

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5935	2855	56	425	1318	1057	3080	88	236	1346	1410
% WITH NO CHANGE	78%	68%	50%	34%	56%	97%	87%	59%	69%	79%	99%
% WITH INCREASES	18	25	43	54	34	1	11	41	29	18	1
GAIN 1-5%	5	9	14	15	13	1	2	9	3	4	0
GAIN 6-20%	10	13	14	27	19	0	8	14	20	13	1
GAIN 21+%	2	3	14	11	2	0	2	18	5	2	0
% WITH DECREASES	4	7	7	12	10	2	2	0	2	4	0
LOSE 1-5%	3	4	7	9	5	2	1	0	0	3	0
LOSE 6-20%	1	3	0	3	5	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	1	0	2	1	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 5473	$ 4668	$ 6301	$ 4891	$ 5034	$ 4037	$ 6220	$ 6121	$ 5978	$ 5337	$ 6155
% DIFF (PROPOSAL)	1.5%	2.2%	4.6%	5.4%	2.4%	0.0%	1.0%	7.4%	2.7%	1.2%	0.0%
GAINERS											
PRES LAW BEN.	$ 4978	$ 4930	$ 6309	$ 4808	$ 4939	$ 4150	$ 5075	$ 5473	$ 4702	$ 5143	$ 4415
% INCR (PROPOSAL)	10.7%	9.5%	11.8%	11.1%	8.7%	2.7%	13.1%	20.4%	14.0%	11.8%	8.9%
LOSERS											
PRES LAW BEN.	$ 5016	$ 4854	$11663	$ 4634	$ 4916	$ 3374	$ 5638	$ 0	$ 7991	$ 5442	$ 0
% DECR (PROPOSAL)	-7.6%	-5.0%	-3.1%	-4.5%	-5.7%	-1.2%	-16.2%	0.0%	-21.8%	-15.6%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A21

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN		
		DISABLED		RETIRED				
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
TOTAL NUMBER (IN 000'S)	709	152	421	8	128	465	84	380
% DISTRIBUTION BY MARITAL STATUS								
MARRIED	94%	92%	95%	50%	97%	0%	0%	0%
WIDOWED	0	0	0	0	0	0	0	0
DIVORCED	6	8	5	50	3	0	0	0
NEVER MARRIED	0	0	0	0	0	100	100	100

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A22

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	8862	2203	2243	2203	2215
AVG. PRES LAW BEN (1984 $)	$12544	$ 8446	$11485	$13628	$16611
% WHO WOULD GAIN	20%	15%	14%	21%	32%
% WHO WOULD LOSE	29%	19%	29%	35%	31%
% DIFF IN AVG BEN	-0.9%	-0.7%	-1.0%	-1.5%	-0.4%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	11801	2992	2896	2972	2944
AVG. PRES LAW BEN (1984 $)	$ 6555	$ 3822	$ 5856	$ 7207	$ 9363
% WHO WOULD GAIN	3%	3%	3%	3%	2%
% WHO WOULD LOSE	3%	1%	2%	4%	5%
% DIFF IN AVG BEN	-0.9%	0.2%	-0.4%	-0.9%	-1.6%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	2643	665	641	677	661
AVG. PRES LAW BEN (1984 $)	$ 7331	$ 4568	$ 6517	$ 8007	$10209
% WHO WOULD GAIN	19%	14%	19%	17%	27%
% WHO WOULD LOSE	1%	1%	1%	1%	3%
% DIFF IN AVG BEN	1.0%	1.5%	1.5%	1.1%	0.4%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5791	1490	1378	1478	1446
AVG. PRES LAW BEN (1984 $)	$ 5455	$ 3130	$ 4587	$ 5892	$ 8234
% WHO WOULD GAIN	17%	18%	28%	15%	9%
% WHO WOULD LOSE	4%	6%	5%	4%	2%
% DIFF IN AVG BEN	1.3%	2.3%	2.8%	1.3%	0.2%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	2992	757	737	757	741
AVG. PRES LAW BEN (1984 $)	$ 7396	$ 4375	$ 6456	$ 8079	$10720
% WHO WOULD GAIN	7%	15%	5%	6%	3%
% WHO WOULD LOSE	35%	12%	28%	40%	59%
% DIFF IN AVG BEN	-1.7%	0.6%	-1.2%	-2.0%	-2.7%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	27935	43793	15889	15462	9706	24850	2343	3486
% WITH NO CHANGE	21%	37%	12%	7%	19%	50%	90%	79%
% WITH INCREASES	22	53	13	84	40	38	10	21
GAIN 1-5%	8	5	4	4	17	6	2	6
GAIN 6-20%	10	18	6	23	17	17	5	12
GAIN 21+%	4	29	3	57	5	15	2	3
% WITH DECREASES	57	10	75	9	41	12	0	0
LOSE 1-5%	10	2	10	3	11	2	0	0
LOSE 6-20%	40	4	54	5	27	5	0	0
LOSE 21-99%	7	4	11	1	2	6	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10234	$ 7625	$10784	$ 6126	$ 9792	$ 8664	$ 8345	$ 6932
% DIFF (PROPOSAL)	-5.7%	8.5%	-9.1%	24.0%	-1.0%	2.5%	0.9%	2.1%
GAINERS								
PRES LAW BEN.	$ 8257	$ 6496	$ 7247	$ 5929	$ 8938	$ 7310	$ 5955	$ 6116
% INCR (PROPOSAL)	10.1%	24.5%	13.3%	30.6%	8.7%	18.5%	12.9%	11.4%
LOSERS								
PRES LAW BEN.	$11218	$ 9080	$11438	$ 6511	$10556	$10202	$ 0	$ 0
% DECR (PROPOSAL)	-12.0%	-20.7%	-12.8%	-10.4%	-9.3%	-23.5%	0.0%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A2

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES, BY RACE
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH BOTH RECEIVING AND EITHER SPOUSE 62 OR OVER)

	MARRIED COUPLES		WIDOWED				DIVORCED			
			MEN		WOMEN		MEN		WOMEN	
	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12057	1359	3170	686	13323	2015	5023	831	7908	1608
% WITH NO CHANGE	16%	17%	29%	21%	61%	48%	13%	18%	36%	29%
% WITH INCREASES	49	58	63	73	26	39	20	40	54	59
GAIN 1-5%	24	21	29	15	5	6	10	14	7	10
GAIN 6-20%	22	26	27	35	12	16	8	19	24	22
GAIN 21+%	3	11	6	24	9	17	2	7	23	27
% WITH DECREASES	34	25	8	7	13	13	66	43	11	12
LOSE 1-5%	21	15	3	2	1	1	18	13	2	3
LOSE 6-20%	13	10	4	4	5	5	45	28	5	5
LOSE 21-99%	0	0	1	1	7	7	4	3	4	3
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$17188	$14537	$10284	$ 7928	$ 9545	$ 7625	$10164	$ 7173	$ 7821	$ 6799
% DIFF (PROPOSAL)	1.4%	4.0%	4.1%	9.2%	0.1%	4.4%	-5.3%	-0.9%	6.0%	7.6%
GAINERS										
PRES LAW BEN.	$16642	$13718	$10044	$ 7757	$ 8591	$ 6870	$ 8230	$ 6181	$ 6687	$ 5858
% INCR (PROPOSAL)	6.8%	10.0%	7.7%	13.9%	17.1%	21.3%	8.0%	11.0%	19.0%	20.5%
LOSERS										
PRES LAW BEN.	$17901	$16255	$10624	$ 9363	$10807	$ 8583	$10835	$ 8057	$ 9714	$ 8987
% DECR (PROPOSAL)	-5.1%	-5.2%	-8.2%	-9.0%	-25.6%	-21.9%	-9.4%	-9.6%	-20.2%	-18.8%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A3

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY PRIOR MARITAL HISTORY
(WIDOWS AND WIDOWERS AGE 62 OR OLDER)

	WIDOWS				WIDOWERS			
			MARRIED 2 OR MORE TIMES				MARRIED 2 OR MORE TIMES	
	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15337	10400	2202	2734	3856	2431	386	1039
% WITH NO CHANGE	59%	70%	47%	28%	27%	27%	43%	23%
% WITH INCREASES	27	28	22	31	65	73	56	50
GAIN 1-5%	5	5	4	5	27	30	28	18
GAIN 6-20%	13	13	11	15	29	31	22	25
GAIN 21+%	10	10	7	10	9	11	6	7
% WITH DECREASES	13	2	31	42	8	0	1	28
LOSE 1-5%	1	0	4	4	3	0	0	10
LOSE 6-20%	5	1	9	15	4	0	1	15
LOSE 21-99%	7	1	18	23	1	0	0	2
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 9293	$ 9099	$ 9740	$ 9662	$ 9865	$ 9890	$ 9764	$ 9846
% DIFF (PROPOSAL)	0.6%	4.2%	-5.5%	-7.5%	4.9%	6.1%	4.3%	2.1%
GAINERS								
PRES LAW BEN.	$ 8266	$ 8264	$ 8340	$ 8228	$ 9588	$ 9643	$ 9999	$ 9228
% INCR (PROPOSAL)	17.7%	18.3%	16.5%	16.5%	8.7%	8.6%	7.7%	9.6%
LOSERS								
PRES LAW BEN.	$10520	$ 9561	$10615	$10643	$10429	$ 0	$ 9751	$10480
% DECR (PROPOSAL)	-25.2%	-20.9%	-26.0%	-25.5%	-8.3%	0.0%	-19.3%	-8.1%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A4

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN AND MEN, BY PRIOR MARITAL HISTORY
(DIVORCED PERSONS AGE 62 OR OLDER)

	DIVORCED WOMEN					DIVORCED MEN				
		MARRIED ONCE		MARRIED 2 OR MORE TIMES			MARRIED ONCE		MARRIED 2 OR MORE TIMES	
	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9515	1010	1159	5712	1637	5853	258	1113	2065	2418
% WITH NO CHANGE	35%	63%	20%	40%	8%	14%	42%	15%	20%	5%
% WITH INCREASES	54	32	70	47	83	23	55	15	39	10
GAIN 1-5%	7	5	9	7	6	11	23	5	20	4
GAIN 6-20%	23	16	28	20	35	10	21	5	16	5
GAIN 21+%	24	11	33	20	41	3	11	4	3	1
% WITH DECREASES	11	5	10	13	9	63	3	71	41	85
LOSE 1-5%	3	1	7	1	5	17	0	16	20	18
LOSE 6-20%	5	2	3	6	4	42	3	49	20	62
LOSE 21-99%	4	2	0	5	0	4	0	6	1	5
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 7649	$ 8361	$ 6485	$ 8108	$ 6423	$ 9740	$ 8641	$ 9247	$ 9798	$10033
% DIFF (PROPOSAL)	6.2%	3.7%	12.6%	3.4%	16.1%	-4.9%	5.3%	-7.1%	-0.6%	-8.4%
GAINERS										
PRES LAW BEN.	$ 6534	$ 7172	$ 6175	$ 6705	$ 6261	$ 7730	$ 8498	$ 5523	$ 8585	$ 5920
% INCR (PROPOSAL)	19.2%	17.3%	20.1%	18.6%	20.6%	8.6%	10.5%	14.0%	7.0%	11.3%
LOSERS										
PRES LAW BEN.	$ 9583	$ 9839	$ 8279	$10141	$ 7755	$10567	$ 8579	$10277	$10759	$10607
% DECR (PROPOSAL)	-19.9%	-17.6%	-5.7%	-24.2%	-5.5%	-9.4%	-13.9%	-10.6%	-6.6%	-10.1%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A5

EFFECT OF EARNINGS SHARING ON
AGED MARRIED COUPLES, BY PRIOR MARITAL HISTORY
(EITHER SPOUSE AGE 62 OR OLDER AND BOTH RECEIVING BENEFITS)

			ONLY HUSBAND MARRIED MORE THAN ONCE		ONLY WIFE MARRIED MORE THAN ONCE		BOTH MARRIED MORE THAN ONCE	
	TOTAL	BOTH MARRIED ONCE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	13414	7128	229	582	494	399	3228	1359
% WITH NO CHANGE	16%	18%	18%	20%	18%	17%	14%	12%
% WITH INCREASES	50	47	64	51	44	44	58	49
GAIN 1-5%	24	24	31	22	24	22	21	26
GAIN 6-20%	22	20	31	24	19	15	30	20
GAIN 21+%	4	3	2	5	1	7	8	3
% WITH DECREASES	34	35	18	29	39	40	28	39
LOSE 1-5%	20	23	13	19	14	21	16	24
LOSE 6-20%	13	12	5	9	24	18	12	14
LOSE 21-99%	0	0	0	0	1	1	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$16921	$16778	$15693	$16401	$16963	$17364	$17250	$17127
% DIFF (PROPOSAL)	1.6%	1.1%	2.9%	2.9%	-0.7%	0.3%	3.4%	0.9%
GAINERS								
PRES LAW BEN.	$16299	$16387	$15319	$16256	$15313	$16481	$16368	$16168
% INCR (PROPOSAL)	7.1%	6.2%	5.9%	8.1%	6.5%	7.0%	9.2%	6.2%
LOSERS								
PRES LAW BEN.	$17774	$17506	$17431	$15891	$18271	$18111	$18521	$18126
% DECR (PROPOSAL)	-5.1%	-4.7%	-3.8%	-4.5%	-7.7%	-6.3%	-5.6%	-4.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A6

EFFECT OF EARNINGS SHARING ON
EVER DIVORCED AND EVER WIDOWED WOMEN, BY PRIOR MARITAL HISTORY
(EVER DIVORCED AND EVER WIDOWED WOMEN AGE 62 OR OLDER)

	EVER DIVORCED WOMEN						EVER WIDOWED WOMEN				
			MARRIED 2 OR MORE TIMES						MARRIED 2 OR MORE TIMES		
				CURRENTLY NOT MARRIED						CURRENTLY NOT MARRIED	
	TOTAL	MARRIED ONCE	CURRENTLY MARRIED	ALL SPOUSES ALIVE	ALL SPOUSES DEAD	OTHER	TOTAL	MARRIED ONCE	CURRENTLY MARRIED	ALL SPOUSES DEAD	SOME SPOUSES ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	20287	2169	6285	1637	2913	7286	17334	10400	968	2443	3523
% WITH NO CHANGE	27%	40%	8%	8%	51%	33%	57%	70%	24%	49%	32%
% WITH INCREASES	57	52	83	83	25	44	30	28	62	22	31
GAIN 1-5%	6	7	5	6	5	7	5	5	2	4	5
GAIN 6-20%	22	23	26	35	11	20	13	13	21	11	15
GAIN 21+%	30	23	53	41	9	18	12	10	39	7	11
% WITH DECREASES	16	8	9	9	24	23	13	2	15	29	36
LOSE 1-5%	3	4	3	5	3	2	2	0	2	4	4
LOSE 6-20%	6	3	5	4	8	9	5	1	9	9	13
LOSE 21-99%	7	1	2	0	12	12	7	1	4	16	19
LOSE 100%	0	0	0	0	1	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7734	$ 7358	$ 6432	$ 6423	$ 9475	$ 8561	$ 9150	$ 9099	$ 7415	$ 9677	$ 9403
% DIFF (PROPOSAL)	6.5%	7.9%	20.8%	16.1%	-3.2%	-0.3%	1.4%	4.2%	17.0%	-5.1%	-5.4%
GAINERS											
PRES LAW BEN.	$ 6506	$ 6460	$ 6060	$ 6261	$ 7785	$ 7055	$ 8036	$ 8264	$ 6446	$ 8328	$ 8161
% INCR (PROPOSAL)	22.6%	19.2%	28.2%	20.6%	16.4%	18.2%	19.5%	18.3%	36.5%	16.4%	17.0%
LOSERS											
PRES LAW BEN.	$ 9728	$ 8774	$ 7306	$ 7755	$10568	$10460	$10289	$ 9561	$ 7908	$10602	$10499
% DECR (PROPOSAL)	-21.8%	-9.9%	-11.7%	-5.5%	-25.1%	-24.8%	-24.5%	-20.9%	-16.9%	-25.8%	-25.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A7

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9607	2842	46	370	1541	885	6767	46	270	2239	4213
% WITH NO CHANGE	34%	13%	9%	2%	6%	30%	43%	18%	5%	24%	57%
% WITH INCREASES	55	77	73	81	85	62	45	45	83	62	33
GAIN 1-5%	7	7	9	4	7	8	7	9	9	7	7
GAIN 6-20%	23	32	27	28	35	29	20	9	31	27	15
GAIN 21+%	24	38	36	48	43	25	18	27	43	28	11
% WITH DECREASES	11	10	18	17	9	8	12	36	12	15	10
LOSE 1-5%	3	6	9	9	6	3	1	0	3	1	1
LOSE 6-20%	5	4	9	8	3	4	5	0	5	7	4
LOSE 21-99%	4	0	0	0	0	0	5	0	5	6	4
LOSE 100%	0	0	0	0	0	0	0	36	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7647	$ 6473	$ 7969	$ 7169	$ 6642	$ 5810	$ 8139	$ 7083	$ 7275	$ 8229	$ 8157
% DIFF (PROPOSAL)	6.2%	14.7%	16.5%	17.2%	16.5%	9.6%	3.3%	-15.7%	15.1%	6.9%	0.9%
GAINERS											
PRES LAW BEN.	$ 6548	$ 6249	$ 7535	$ 6756	$ 6380	$ 5584	$ 6767	$ 8503	$ 6802	$ 7141	$ 6368
% INCR (PROPOSAL)	19.3%	20.5%	25.8%	24.1%	20.7%	17.2%	18.5%	26.6%	23.3%	20.3%	15.5%
LOSERS											
PRES LAW BEN.	$ 9514	$ 7993	$ 8163	$ 8949	$ 8229	$ 6605	$10032	$ 5889	$ 9634	$ 9991	$10261
% DECR (PROPOSAL)	-20.6%	-5.6%	-6.3%	-5.3%	-4.6%	-8.3%	-24.7%	-100.0%	-18.4%	-22.4%	-25.1%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A8

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED MEN, BY AGE
(DIVORCED MEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5944	3586	54	453	2069	1010	2360	37	112	1026	1184
% WITH NO CHANGE	14%	8%	0%	5%	5%	17%	23%	67%	15%	14%	30%
% WITH INCREASES	23	11	15	13	13	7	40	11	22	40	43
GAIN 1-5%	10	4	8	4	5	2	20	0	19	17	23
GAIN 6-20%	10	5	0	8	6	2	16	11	0	17	18
GAIN 21+%	3	2	8	1	2	2	4	0	4	6	2
% WITH DECREASES	63	80	85	83	82	76	37	22	63	46	27
LOSE 1-5%	17	17	8	11	14	26	17	0	19	19	16
LOSE 6-20%	42	58	46	60	62	50	18	0	41	26	10
LOSE 21-99%	4	6	31	12	6	0	1	0	4	2	0
LOSE 100%	0	0	0	0	0	0	0	22	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9739	$ 9825	$12477	$ 9399	$ 9917	$ 9689	$ 9605	$ 5620	$10144	$10234	$ 9136
% DIFF (PROPOSAL)	-5.0%	-8.1%	-17.2%	-10.7%	-8.8%	-5.2%	-0.2%	-15.9%	-3.8%	-0.5%	0.8%
GAINERS											
PRES LAW BEN.	$ 7745	$ 5821	$ 8756	$ 5358	$ 6023	$ 5073	$ 8580	$10362	$ 8676	$ 8890	$ 8314
% INCR (PROPOSAL)	8.6%	12.4%	13.4%	10.2%	10.7%	21.7%	7.5%	12.0%	6.2%	9.3%	6.1%
LOSERS											
PRES LAW BEN.	$10585	$10557	$13153	$10142	$10677	$10341	$10680	$ 4642	$10508	$11082	$10273
% DECR (PROPOSAL)	-9.6%	-10.3%	-15.3%	-12.8%	-10.9%	-7.4%	-7.1%	-100.0%	-7.5%	-7.3%	-5.4%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A9

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH SURVIVOR BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING SURVIVOR BENEFITS)

		ONLY CHILD(REN) BENEFICIARIES			SURVIVING PARENT AND CHILD(REN) BENEFICIARIES			ONLY SPOUSE BENEFICIARIES		
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIDOW	WIDOWER
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	20594	839	158	681	474	440	33	19282	18651	640
% WITH NO CHANGE	61%	42%	5%	50%	50%	53%	13%	62%	62%	38%
% WITH INCREASES	23	35	87	23	20	16	75	22	22	41
GAIN 1-5%	4	3	0	4	4	3	13	4	4	6
GAIN 6-20%	11	14	24	12	8	8	13	11	11	17
GAIN 21+%	8	17	63	7	9	6	50	8	7	18
% WITH DECREASES	17	24	8	27	30	31	13	16	16	21
LOSE 1-5%	2	7	8	7	6	7	0	1	1	1
LOSE 6-20%	6	14	0	18	14	15	0	6	6	10
LOSE 21-99%	8	2	0	3	10	9	13	8	8	5
LOSE 100%	1	0	0	0	0	0	0	1	1	5
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 9571	$ 8848	$ 5768	$ 9562	$17041	$17578	$ 9919	$ 9419	$ 9502	$ 7099
% DIFF (PROPOSAL)	-1.0%	4.7%	35.0%	0.5%	-0.4%	-1.7%	29.7%	-1.3%	-1.3%	1.6%
GAINERS										
PRES LAW BEN.	$ 8346	$ 5910	$ 5745	$ 6057	$13815	$15838	$ 8082	$ 8389	$ 8513	$ 6583
% INCR (PROPOSAL)	18.3%	28.2%	40.7%	17.6%	25.7%	18.3%	67.1%	17.6%	17.4%	21.5%
LOSERS										
PRES LAW BEN.	$10315	$ 8291	$ 8575	$ 8272	$14192	$14012	$20108	$10269	$10413	$ 7163
% DECR (PROPOSAL)	-26.1%	-8.2%	-1.9%	-8.6%	-18.7%	-17.5%	-44.6%	-27.5%	-27.4%	-30.2%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A10

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH RETIREMENT BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING RETIREMENT BENEFITS)

		ONLY CHILD(REN) AUXILIARIES			MOTHER OR FATHER AND CHILD(REN) AUXILIARIES			ONLY SPOUSE AUXILIARY			
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIFE	HUSBAND	WORKER(S) ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	56520	590	21	569	258	253	4	6717	6335	382	48959
% WITH NO CHANGE	38%	15%	20%	15%	35%	36%	0%	13%	14%	9%	42%
% WITH INCREASES	40	36	80	34	27	28	0	44	43	73	40
GAIN 1-5%	12	9	0	9	11	11	0	17	17	7	11
GAIN 6-20%	17	11	20	10	6	7	0	18	17	37	17
GAIN 21+%	11	16	60	15	10	10	0	10	9	29	11
% WITH DECREASES	22	49	0	50	37	36	100	43	44	18	19
LOSE 1-5%	8	19	0	20	11	11	0	21	22	0	6
LOSE 6-20%	11	27	0	28	26	25	100	21	21	11	9
LOSE 21-99%	3	3	0	3	0	0	0	1	0	8	3
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$10522	$10094	$10020	$10096	$19434	$19467	$17444	$15180	$15636	$ 7604	$ 9847
% DIFF (PROPOSAL)	2.0%	1.9%	39.0%	0.6%	-0.1%	0.1%	-18.0%	0.7%	0.2%	17.4%	2.3%
GAINERS											
PRES LAW BEN.	$ 9881	$ 8709	$ 8723	$ 8708	$15592	$15592	$ 0	$13318	$14080	$ 8081	$ 9315
% INCR (PROPOSAL)	12.4%	16.0%	56.1%	12.6%	14.4%	14.4%	0.0%	9.1%	8.1%	24.7%	13.1%
LOSERS											
PRES LAW BEN.	$12930	$ 9385	$ 0	$ 9385	$20885	$21041	$17444	$17150	$17426	$ 6271	$11631
% DECR (PROPOSAL)	-9.8%	-6.7%	0.0%	-6.7%	-8.2%	-7.9%	-18.0%	-5.9%	-5.8%	-11.7%	-11.8%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2030

TABLE A11

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH DISABILITY BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING DISABILITY BENEFITS)

		ONLY CHILD(REN) AUXILIARIES			MOTHER OR FATHER AND CHILD(REN) AUXILIARIES			ONLY SPOUSE AUXILIARY			
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIFE	HUSBAND	WORKER(S) ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5430	681	237	445	237	212	25	204	187	17	4308
% WITH NO CHANGE	29%	24%	9%	33%	54%	59%	17%	8%	7%	25%	30%
% WITH INCREASES	45	44	88	21	21	14	83	43	42	50	46
GAIN 1-5%	5	5	5	5	7	6	17	10	11	0	5
GAIN 6-20%	13	15	21	11	7	6	17	14	13	25	13
GAIN 21+%	26	24	61	5	7	2	50	18	18	25	28
% WITH DECREASES	26	32	4	47	25	27	0	49	51	25	24
LOSE 1-5%	7	5	2	7	14	16	0	12	13	0	6
LOSE 6-20%	15	18	2	26	7	8	0	35	36	25	14
LOSE 21-99%	4	8	0	12	4	4	0	2	2	0	4
LOSE 100%	0	1	0	1	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$11086	$11320	$11033	$11473	$17283	$18243	$ 9128	$16612	$16981	$12458	$10446
% DIFF (PROPOSAL)	8.0%	12.3%	38.0%	-0.8%	0.6%	-0.9%	25.6%	-1.0%	-1.3%	3.6%	8.7%
GAINERS											
PRES LAW BEN.	$ 8869	$ 9955	$10720	$ 8217	$11780	$13501	$ 9370	$12696	$13034	$ 9483	$ 8465
% INCR (PROPOSAL)	31.4%	36.4%	44.7%	11.8%	18.5%	12.9%	29.9%	12.5%	12.1%	17.6%	32.2%
LOSERS											
PRES LAW BEN.	$12831	$ 7474	$15662	$ 7146	$20971	$20971	$ 0	$19340	$19329	$19593	$12865
% DECR (PROPOSAL)	-10.5%	-8.4%	-3.3%	-8.9%	-7.0%	-7.0%	0.0%	-9.0%	-9.1%	-8.2%	-11.4%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A12

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	2047	2018	2643	11801	2992	5791
% WITH NO CHANGE	45%	43%	68%	31%	79%	92%	56%	68%
% WITH INCREASES	35	35	8	65	20	5	10	29
GAIN 1-5%	15	20	3	5	11	1	6	5
GAIN 6-20%	12	13	3	20	7	2	3	13
GAIN 21+%	8	2	3	40	2	2	1	11
% WITH DECREASES	20	23	24	4	1	3	34	4
LOSE 1-5%	12	15	12	2	1	0	20	2
LOSE 6-20%	7	7	12	1	0	1	14	1
LOSE 21-99%	0	0	0	0	0	2	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10638	$12544	$ 8172	$ 4765	$ 7331	$ 6555	$ 7396	$ 5455
% DIFF (PROPOSAL)	1.9%	0.9%	-0.0%	17.2%	1.3%	-0.4%	-1.5%	4.3%
GAINERS								
PRES LAW BEN.	$10012	$12619	$ 6487	$ 4419	$ 7722	$ 5360	$ 5846	$ 4661
% INCR (PROPOSAL)	8.9%	5.5%	21.4%	29.2%	6.6%	16.3%	6.7%	18.6%
LOSERS								
PRES LAW BEN.	$12302	$13438	$ 8593	$ 6225	$ 8901	$ 7830	$ 8672	$ 5242
% DECR (PROPOSAL)	-4.6%	-4.3%	-5.7%	-9.7%	-9.1%	-33.2%	-5.0%	-8.1%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE #13

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17214	29137	10828	10555	5635	17590	753	993
% WITH NO CHANGE	55%	65%	47%	30%	67%	84%	97%	92%
% WITH INCREASES	9	27	7	53	15	13	3	8
GAIN 1-5%	5	4	3	8	8	2	1	2
GAIN 6-20%	3	13	3	24	5	6	2	5
GAIN 21+%	1	10	1	21	1	5	0	0
% WITH DECREASES	35	8	47	16	19	3	1	0
LOSE 1-5%	19	3	25	8	11	1	1	0
LOSE 6-20%	16	4	22	8	7	1	0	0
LOSE 21-99%	0	1	0	0	0	1	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 7789	$ 5577	$ 8091	$ 4534	$ 7365	$ 6193	$ 6609	$ 5750
% DIFF (PROPOSAL)	-1.6%	3.3%	-2.3%	9.0%	-0.2%	0.9%	0.1%	0.6%
GAINERS								
PRES LAW BEN.	$ 6398	$ 4622	$ 5676	$ 4529	$ 7042	$ 4844	$ 5600	$ 4960
% INCR (PROPOSAL)	7.9%	18.3%	9.7%	18.6%	6.6%	17.9%	5.9%	8.9%
LOSERS								
PRES LAW BEN.	$ 8908	$ 4930	$ 8957	$ 4335	$ 8679	$ 6822	$ 7248	$ 0
% DECR (PROPOSAL)	-5.3%	-12.6%	-5.4%	-6.2%	-5.1%	-25.7%	-3.3%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A14

EFFECT OF EARNINGS SHARING ON AGED INDIVIDUALS AND COUPLES, BY RACE (INDIVIDUALS AT LEAST 62 AND COUPLES WITH BOTH RECEIVING AND EITHER SPOUSE 62 OR OVER)

	MARRIED COUPLES		WIDOWED				DIVORCED			
			MEN		WOMEN		MEN		WOMEN	
	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	7973	889	2239	485	10499	1302	2611	380	4806	985
% WITH NO CHANGE	43%	41%	78%	83%	93%	82%	54%	67%	69%	63%
% WITH INCREASES	34	37	21	15	4	13	9	16	28	35
GAIN 1-5%	21	16	12	6	1	2	6	8	4	7
GAIN 6-20%	12	18	8	4	2	6	3	5	14	11
GAIN 21+%	1	4	1	5	1	6	1	2	9	17
% WITH DECREASES	23	22	1	2	3	4	36	17	4	3
LOSE 1-5%	15	14	1	1	0	0	22	8	3	2
LOSE 6-20%	8	7	0	0	1	1	14	8	1	1
LOSE 21-99%	0	0	0	1	2	3	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$12647	$11624	$ 7604	$ 5023	$ 6721	$ 5216	$ 7630	$ 5787	$ 5653	$ 4492
% DIFF (PROPOSAL)	0.8%	1.5%	1.3%	1.1%	-0.6%	0.9%	-1.7%	0.2%	3.7%	7.6%
GAINERS										
PRES LAW BEN.	$12806	$11103	$ 7924	$ 6149	$ 5618	$ 4730	$ 6097	$ 4843	$ 4845	$ 3942
% INCR (PROPOSAL)	5.3%	7.4%	6.1%	11.9%	15.1%	19.9%	6.0%	10.6%	16.9%	26.6%
LOSERS										
PRES LAW BEN.	$13489	$12964	$ 9549	$ 6957	$ 8132	$ 6345	$ 8771	$ 7210	$ 5309	$ 4806
% DECR (PROPOSAL)	-4.3%	-4.4%	-3.3%	-33.0%	-33.9%	-28.7%	-4.9%	-5.8%	-7.2%	-14.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A15

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	1129	3452	4281	2047	2018
% WITH NO CHANGE	45%	43%	50%	40%	43%	68%	31%
% WITH INCREASES	35	35	6	24	51	8	65
GAIN 1-5%	15	20	2	15	29	3	5
GAIN 6-20%	12	13	2	8	19	3	20
GAIN 21+%	8	2	1	1	2	3	40
% WITH DECREASES	20	23	45	36	6	24	4
LOSE 1-5%	12	15	19	25	6	12	2
LOSE 6-20%	7	7	25	11	0	12	1
LOSE 21-99%	0	0	1	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$10638	$12544	$11510	$13250	$12245	$ 8172	$ 4765
% DIFF (PROPOSAL)	1.9%	0.9%	-2.5%	-0.3%	2.7%	-0.0%	17.2%
GAINERS							
PRES LAW BEN.	$10012	$12619	$ 9391	$13352	$12442	$ 6487	$ 4419
% INCR (PROPOSAL)	8.9%	5.5%	9.0%	5.2%	5.5%	21.4%	29.2%
LOSERS							
PRES LAW BEN.	$12302	$13438	$12724	$13742	$13368	$ 8593	$ 6225
% DECR (PROPOSAL)	-4.6%	-6.3%	-6.0%	-4.1%	-2.1%	-5.7%	-9.7%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A16

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10555	961	44	3136	465	5951
% WITH NO CHANGE	30%	44%	82%	25%	84%	26%
% WITH INCREASES	53	11	0	48	6	67
GAIN 1-5%	8	2	0	6	2	11
GAIN 6-20%	24	4	0	25	3	29
GAIN 21+%	21	5	0	17	2	26
% WITH DECREASES	16	45	18	27	9	7
LOSE 1-5%	8	17	0	13	1	4
LOSE 6-20%	8	28	0	14	3	3
LOSE 21-99%	0	0	18	0	5	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 4534	$ 3512	$ 7259	$ 4004	$ 7499	$ 4728
% DIFF (PROPOSAL)	9.0%	-0.3%	-7.1%	7.8%	-1.2%	12.0%
GAINERS						
PRES LAW BEN.	$ 4529	$ 3241	$ 0	$ 4184	$ 6299	$ 4684
% INCR (PROPOSAL)	18.6%	26.2%	0.0%	18.2%	11.0%	18.7%
LOSERS						
PRES LAW BEN.	$ 4335	$ 3820	$ 5927	$ 3945	$ 7118	$ 5339
% DECR (PROPOSAL)	-6.2%	-6.2%	-47.6%	-5.4%	-19.2%	-4.5%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A17

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10828	112	0	0	12	10699
% WITH NO CHANGE	47%	50%	0%	0%	67%	47%
% WITH INCREASES	7	46	0	0	0	6
GAIN 1-5%	3	0	0	0	0	3
GAIN 6-20%	3	7	0	0	0	3
GAIN 21+%	1	39	0	0	0	1
% WITH DECREASES	47	4	0	0	33	47
LOSE 1-5%	25	4	0	0	0	25
LOSE 6-20%	22	0	0	0	0	22
LOSE 21-99%	0	0	0	0	33	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 8091	$ 1919	$ 0	$ 0	$ 5188	$ 8162
% DIFF (PROPOSAL)	-2.3%	34.8%	0.0%	0.0%	-13.7%	-2.4%
GAINERS						
PRES LAW BEN.	$ 5676	$ 1936	$ 0	$ 0	$ 0	$ 5996
% INCR (PROPOSAL)	9.7%	74.5%	0.0%	0.0%	0.0%	7.8%
LOSERS						
PRES LAW BEN.	$ 8957	$ 1490	$ 0	$ 0	$ 7161	$ 8965
% DECR (PROPOSAL)	-5.4%	-4.0%	0.0%	0.0%	-29.8%	-5.4%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A18

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17590	5791	160	252	545	1642	3192	11801	2095	7901	1806
% WITH NO CHANGE	84%	68%	95%	100%	47%	93%	54%	92%	97%	93%	82%
% WITH INCREASES	13	29	5	0	35	6	43	5	1	3	18
GAIN 1-5%	2	5	0	0	9	1	7	1	0	1	3
GAIN 6-20%	6	13	3	0	13	3	21	2	0	2	8
GAIN 21+%	5	11	3	0	13	3	15	2	1	1	6
% WITH DECREASES	3	4	0	0	18	1	3	3	2	4	0
LOSE 1-5%	1	2	0	0	13	0	2	0	0	0	0
LOSE 6-20%	1	1	0	0	6	0	1	1	0	1	0
LOSE 21-99%	1	0	0	0	0	1	0	2	2	2	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6193	$ 5455	$ 3110	$ 6817	$ 4199	$ 6998	$ 4887	$ 6555	$ 6517	$ 7029	$ 4525
% DIFF (PROPOSAL)	0.9%	4.3%	2.6%	0.0%	5.3%	0.7%	7.3%	-0.4%	-1.2%	-0.8%	3.4%
GAINERS											
PRES LAW BEN.	$ 4844	$ 4661	$ 2512	$ 0	$ 4296	$ 4685	$ 4722	$ 5360	$ 3105	$ 5808	$ 5140
% INCR (PROPOSAL)	17.9%	18.6%	63.9%	0.0%	17.6%	25.6%	18.0%	16.3%	49.9%	14.3%	17.0%
LOSERS											
PRES LAW BEN.	$ 6822	$ 5242	$ 0	$ 0	$ 4291	$ 9371	$ 5545	$ 7830	$ 7800	$ 7901	$ 0
% DECR (PROPOSAL)	-25.7%	-8.1%	0.0%	0.0%	-4.8%	-27.3%	-5.4%	-33.2%	-51.1%	-30.3%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A19

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	14727	12013	212	529	3020	8253	2715	72	116	713	1814
% WITH NO CHANGE	89%	92%	74%	65%	81%	98%	78%	67%	24%	46%	95%
% WITH INCREASES	8	5	23	23	12	1	20	33	69	51	5
GAIN 1-5%	3	1	0	3	3	0	11	11	34	30	2
GAIN 6-20%	4	3	21	12	6	1	7	6	31	17	2
GAIN 21+%	2	2	2	8	3	1	2	17	3	4	0
% WITH DECREASES	3	3	4	12	7	1	1	0	7	3	0
LOSE 1-5%	0	0	0	0	0	0	1	0	7	2	0
LOSE 6-20%	1	1	0	5	2	0	0	0	0	1	0
LOSE 21-99%	1	2	0	7	5	1	0	0	0	1	0
LOSE 100%	0	0	4	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6685	$ 6550	$ 6261	$ 6988	$ 7345	$ 6238	$ 7281	$ 5432	$ 7267	$ 8241	$ 6978
% DIFF (PROPOSAL)	-0.1%	-0.5%	-1.1%	-0.3%	-1.2%	-0.1%	1.5%	12.1%	4.5%	2.8%	0.4%
GAINERS											
PRES LAW BEN.	$ 6442	$ 5397	$ 5852	$ 6024	$ 5458	$ 4291	$ 7654	$ 6166	$ 6951	$ 7990	$ 7298
% INCR (PROPOSAL)	11.2%	15.9%	10.5%	15.6%	14.1%	27.3%	7.5%	31.5%	7.0%	6.4%	7.3%
LOSERS											
PRES LAW BEN.	$ 7872	$ 7775	$ 5492	$ 7617	$ 7615	$ 8805	$ 8901	$ 0	$ 5928	$ 9892	$ 0
% DECR (PROPOSAL)	-31.9%	-34.3%	-100.0%	-25.7%	-34.9%	-34.9%	-9.1%	0.0%	-3.9%	-10.2%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A20

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5935	2855	56	425	1318	1057	3080	88	236	1346	1410
% WITH NO CHANGE	67%	55%	36%	25%	39%	88%	78%	59%	59%	66%	94%
% WITH INCREASES	29	39	57	66	53	11	20	41	39	30	6
GAIN 1-5%	5	8	7	18	10	1	2	5	3	4	0
GAIN 6-20%	14	18	29	23	27	5	9	18	20	14	2
GAIN 21+%	11	13	21	25	16	5	9	18	15	12	4
% WITH DECREASES	4	6	7	8	8	1	2	0	2	4	0
LOSE 1-5%	2	4	7	8	5	1	1	0	0	3	0
LOSE 6-20%	1	2	0	1	4	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	1	0	2	1	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 5473	$ 4668	$ 6301	$ 4891	$ 5034	$ 4037	$ 6220	$ 6121	$ 5978	$ 6337	$ 6155
% DIFF (PROPOSAL)	4.4%	6.6%	9.5%	10.4%	7.8%	2.6%	2.9%	7.5%	5.3%	4.0%	1.1%
GAINERS											
PRES LAW BEN.	$ 4704	$ 4714	$ 6118	$ 4723	$ 4763	$ 3994	$ 4686	$ 5473	$ 4432	$ 4824	$ 3961
% INCR (PROPOSAL)	18.6%	17.3%	17.8%	16.8%	16.4%	24.9%	21.0%	20.5%	20.0%	20.0%	28.7%
LOSERS											
PRES LAW BEN.	$ 5361	$ 5136	$11663	$ 4655	$ 5124	$ 4519	$ 6002	$ 0	$ 7991	$ 5849	$ 0
% DECR (PROPOSAL)	-7.9%	-4.7%	-3.1%	-4.4%	-5.1%	-3.4%	-15.8%	0.0%	-21.8%	-15.1%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A21

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN			PERSONS RECEIVING CHILD-IN-CARE OR ADJUSTMENT BENEFITS	
		DISABLED		RETIRED						
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS	MEN	WOMEN
TOTAL NUMBER (IN 000'S)	761	172	449	8	132	461	84	376	60	352
% DISTRIBUTION BY MARITAL STATUS										
MARRIED	95%	93%	96%	50%	97%	0%	0%	0%	27%	3%
WIDOWED	0	0	0	0	0	0	0	0	67	84
DIVORCED	5	7	4	50	3	0	0	0	7	13
NEVER MARRIED	0	0	0	0	0	100	100	100	0	0

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION I IN 2010

TABLE A22

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	8862	2203	2243	2203	2215
AVG. PRES LAW BEN (1984 $)	$12544	$ 8446	$11485	$13628	$16611
% WHO WOULD GAIN	35%	33%	36%	33%	36%
% WHO WOULD LOSE	23%	12%	23%	27%	28%
% DIFF IN AVG BEN	0.9%	2.8%	1.3%	0.3%	0.0%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	11801	2992	2896	2972	2944
AVG. PRES LAW BEN (1984 $)	$ 6555	$ 3822	$ 5856	$ 7207	$ 9363
% WHO WOULD GAIN	5%	10%	5%	4%	2%
% WHO WOULD LOSE	3%	1%	2%	4%	5%
% DIFF IN AVG BEN	-0.4%	2.4%	-0.1%	-0.8%	-1.6%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	2643	665	641	677	661
AVG. PRES LAW BEN (1984 $)	$ 7331	$ 4568	$ 6517	$ 8007	$10209
% WHO WOULD GAIN	20%	17%	19%	17%	27%
% WHO WOULD LOSE	1%	1%	1%	1%	3%
% DIFF IN AVG BEN	1.3%	2.5%	1.5%	1.2%	0.6%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5791	1490	1378	1478	1446
AVG. PRES LAW BEN (1984 $)	$ 5455	$ 3130	$ 4587	$ 5892	$ 8234
% WHO WOULD GAIN	29%	35%	48%	24%	9%
% WHO WOULD LOSE	4%	5%	3%	4%	3%
% DIFF IN AVG BEN	4.3%	12.4%	8.5%	2.6%	0.1%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	2992	757	737	757	741
AVG. PRES LAW BEN (1984 $)	$ 7396	$ 4375	$ 6456	$ 8079	$10720
% WHO WOULD GAIN	10%	22%	8%	6%	3%
% WHO WOULD LOSE	34%	9%	27%	41%	59%
% DIFF IN AVG BEN	-1.5%	1.9%	-1.1%	-2.0%	-2.7%

NO LOSER EARNINGS SHARING IN 2030

TABLE A1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	27935	43793	15889	15462	9706	24850	2343	3486
% WITH NO CHANGE	82%	51%	90%	17%	63%	66%	100%	100%
% WITH INCREASES	18	49	10	84	37	34	0	0
GAIN 1-5%	7	5	3	5	17	6	0	0
GAIN 6-20%	8	18	4	25	16	16	0	0
GAIN 21+%	3	26	2	54	4	12	0	0
% WITH DECREASES	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10234	$ 7625	$10784	$ 6126	$ 9792	$ 8664	$ 8345	$ 6932
% DIFF (PROPOSAL)	1.5%	10.1%	0.8%	23.9%	2.9%	5.1%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 8592	$ 6576	$ 7268	$ 5945	$ 9153	$ 7527	$ 0	$ 0
% INCR (PROPOSAL)	9.4%	23.9%	12.9%	29.5%	8.3%	17.2%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A2

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES, BY RACE
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH BOTH RECEIVING AND EITHER SPOUSE 62 OR OVER)

			WIDOWED				DIVORCED			
	MARRIED COUPLES		MEN		WOMEN		MEN		WOMEN	
	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12057	1359	3170	686	13323	2015	5023	831	7908	1608
% WITH NO CHANGE	14%	20%	37%	28%	76%	67%	83%	72%	50%	53%
% WITH INCREASES	86	80	63	72	24	33	17	29	50	47
GAIN 1-5%	20	28	29	18	4	6	9	13	8	10
GAIN 6-20%	61	48	27	36	11	14	6	14	23	23
GAIN 21+%	4	4	6	18	8	12	2	3	19	13
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$17188	$14537	$10284	$ 7928	$ 9545	$ 7625	$10164	$ 7173	$ 7821	$ 6799
% DIFF (PROPOSAL)	8.3%	6.7%	4.8%	9.0%	3.7%	6.3%	1.1%	2.2%	7.6%	6.4%
GAINERS										
PRES LAW BEN.	$17216	$14668	$10062	$ 7830	$ 8867	$ 7268	$ 8566	$ 6381	$ 6791	$ 6016
% INCR (PROPOSAL)	9.7%	8.3%	7.6%	12.7%	16.8%	20.1%	7.7%	8.4%	17.4%	15.3%
LOSERS										
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A3

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY PRIOR MARITAL HISTORY
(WIDOWS AND WIDOWERS AGE 62 OR OLDER)

	WIDOWS				WIDOWERS			
			MARRIED 2 OR MORE TIMES				MARRIED 2 OR MORE TIMES	
	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15337	10400	2202	2734	3856	2431	386	1039
% WITH NO CHANGE	75%	75%	80%	71%	36%	28%	45%	51%
% WITH INCREASES	25	25	20	29	64	72	55	49
GAIN 1-5%	5	4	4	6	27	31	29	19
GAIN 6-20%	12	12	10	13	29	32	22	25
GAIN 21+%	9	9	6	9	8	10	4	5
% WITH DECREASES	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 9293	$ 9099	$ 9740	$ 9662	$ 9865	$ 9890	$ 9764	$ 9846
% DIFF (PROPOSAL)	4.0%	4.2%	2.9%	3.9%	5.4%	6.1%	3.9%	4.2%
GAINERS								
PRES LAW BEN.	$ 8591	$ 8627	$ 8660	$ 8434	$ 9621	$ 9665	$ 9983	$ 9317
% INCR (PROPOSAL)	17.3%	17.9%	16.3%	15.7%	8.4%	8.5%	6.8%	9.1%
LOSERS								
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A4

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN AND MEN, BY PRIOR MARITAL HISTORY
(DIVORCED PERSONS AGE 62 OR OLDER)

	DIVORCED WOMEN					DIVORCED MEN				
		MARRIED ONCE		MARRIED 2 OR MORE TIMES			MARRIED ONCE		MARRIED 2 OR MORE TIMES	
	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9515	1010	1159	5712	1637	5853	258	1113	2065	2418
% WITH NO CHANGE	50%	75%	37%	57%	22%	81%	52%	93%	63%	95%
% WITH INCREASES	50	25	63	43	78	19	48	7	37	5
GAIN 1-5%	9	4	10	8	12	10	24	4	19	3
GAIN 6-20%	23	14	29	20	36	7	16	2	14	2
GAIN 21+%	18	7	24	15	31	2	8	1	3	1
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 7649	$ 8361	$ 6485	$ 8108	$ 6423	$ 9740	$ 8641	$ 9247	$ 9798	$10033
% DIFF (PROPOSAL)	7.4%	3.6%	10.9%	6.2%	13.6%	1.2%	4.8%	0.4%	2.3%	0.4%
GAINERS										
PRES LAW BEN.	$ 6668	$ 7816	$ 6236	$ 6860	$ 6321	$ 8092	$ 8973	$ 4981	$ 8739	$ 5452
% INCR (PROPOSAL)	17.1%	15.3%	17.9%	16.8%	17.6%	7.8%	9.5%	10.7%	6.9%	12.2%
LOSERS										
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A5

EFFECT OF EARNINGS SHARING ON
AGED MARRIED COUPLES, BY PRIOR MARITAL HISTORY
(EITHER SPOUSE AGE 62 OR OLDER AND BOTH RECEIVING BENEFITS)

	TOTAL	BOTH MARRIED ONCE	ONLY HUSBAND MARRIED MORE THAN ONCE		ONLY WIFE MARRIED MORE THAN ONCE		BOTH MARRIED MORE THAN ONCE	
			ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	13414	7128	229	582	494	399	3228	1359
% WITH NO CHANGE	15%	12%	27%	19%	26%	13%	20%	13%
% WITH INCREASES	85	88	73	81	74	88	80	87
GAIN 1-5%	21	21	18	16	19	15	22	20
GAIN 6-20%	60	64	55	60	54	70	50	63
GAIN 21+%	4	4	0	4	1	3	8	3
% WITH DECREASES	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$16921	$16778	$15693	$16401	$16963	$17364	$17250	$17127
% DIFF (PROPOSAL)	8.2%	8.6%	5.8%	8.7%	6.1%	8.3%	7.9%	8.0%
GAINERS								
PRES LAW BEN.	$16974	$16959	$16308	$16854	$16428	$17258	$16965	$17304
% INCR (PROPOSAL)	9.6%	9.6%	7.7%	10.5%	8.4%	9.5%	10.0%	9.1%
LOSERS								
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A6

EFFECT OF EARNINGS SHARING ON
EVER DIVORCED AND EVER WIDOWED WOMEN, BY PRIOR MARITAL HISTORY
(EVER DIVORCED AND EVER WIDOWED WOMEN AGE 62 OR OLDER)

	EVER DIVORCED WOMEN						EVER WIDOWED WOMEN				
			MARRIED 2 OR MORE TIMES						MARRIED 2 OR MORE TIMES		
				CURRENTLY NOT MARRIED						CURRENTLY NOT MARRIED	
	TOTAL	MARRIED ONCE	CURRENTLY MARRIED	ALL SPOUSES ALIVE	ALL SPOUSES DEAD	OTHER	TOTAL	MARRIED ONCE	CURRENTLY MARRIED	ALL SPOUSES DEAD	SOME SPOUSES ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	20287	2169	6285	1637	2913	7286	17334	10400	968	2443	3523
% WITH NO CHANGE	46%	55%	19%	22%	77%	59%	73%	75%	42%	80%	70%
% WITH INCREASES	54	45	81	78	23	41	27	25	58	20	30
GAIN 1-5%	7	7	5	12	5	8	5	4	3	4	6
GAIN 6-20%	22	22	26	36	11	19	12	12	17	10	14
GAIN 21+%	26	16	50	31	7	14	10	9	38	6	10
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7734	$ 7358	$ 6432	$ 6423	$ 9475	$ 8561	$ 9150	$ 9099	$ 7415	$ 9677	$ 9403
% DIFF (PROPOSAL)	10.0%	7.0%	21.4%	13.6%	3.0%	5.8%	4.7%	4.2%	19.1%	2.9%	4.3%
GAINERS											
PRES LAW BEN.	$ 6585	$ 6642	$ 6079	$ 6321	$ 8093	$ 7220	$ 8313	$ 8627	$ 6510	$ 8684	$ 8339
% INCR (PROPOSAL)	21.5%	17.1%	27.8%	17.6%	15.7%	16.7%	19.1%	17.9%	37.2%	16.0%	16.3%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A7

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9607	2842	46	370	1541	885	6767	46	270	2239	4213
% WITH NO CHANGE	50%	28%	36%	21%	19%	46%	59%	55%	18%	40%	72%
% WITH INCREASES	50	72	64	79	81	54	41	45	82	60	28
GAIN 1-5%	9	11	9	6	12	14	8	9	11	8	7
GAIN 6-20%	23	32	18	26	37	29	19	9	34	27	14
GAIN 21+%	18	28	36	47	33	12	14	27	37	24	6
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7647	$ 6473	$ 7969	$ 7169	$ 6642	$ 5810	$ 8139	$ 7083	$ 7275	$ 8229	$ 8157
% DIFF (PROPOSAL)	7.5%	12.5%	14.9%	17.1%	14.2%	6.5%	5.8%	14.5%	17.2%	9.9%	2.9%
GAINERS											
PRES LAW BEN.	$ 6681	$ 6307	$ 7469	$ 6750	$ 6391	$ 5747	$ 6960	$ 8503	$ 6806	$ 7188	$ 6702
% INCR (PROPOSAL)	17.2%	17.8%	25.0%	23.1%	18.3%	12.1%	16.8%	26.6%	22.5%	19.0%	12.7%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A8

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED MEN, BY AGE
(DIVORCED MEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5944	3586	54	453	2069	1010	2360	37	112	1026	1184
% WITH NO CHANGE	81%	94%	85%	93%	9[illegible]	97%	63%	89%	78%	63%	60%
% WITH INCREASES	19	6	15	7	7	3	38	11	22	37	40
GAIN 1-5%	10	3	15	4	3	2	20	0	19	17	22
GAIN 6-20%	7	2	0	4	2	1	14	11	0	15	15
GAIN 21+%	2	1	0	0	1	0	4	0	4	5	2
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9739	$ 9825	$12477	$ 9399	$ 9917	$ 9689	$ 9605	$ 5620	$10144	$10234	$ 9136
% DIFF (PROPOSAL)	1.2%	0.4%	0.5%	0.2%	0.4%	0.3%	2.5%	2.5%	1.2%	3.0%	2.2%
GAINERS											
PRES LAW BEN.	$ 8106	$ 5399	$ 8756	$ 4779	$ 5494	$ 4765	$ 8779	$10362	$ 8676	$ 9081	$ 8527
% INCR (PROPOSAL)	7.8%	11.2%	4.2%	6.3%	11.3%	18.5%	7.3%	12.0%	6.2%	9.0%	5.9%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A9

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH SURVIVOR BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING SURVIVOR BENEFITS)

	TOTAL	ONLY CHILD(REN) BENEFICIARIES			SURVIVING PARENT AND CHILD(REN) BENEFICIARIES			ONLY SPOUSE BENEFICIARIES		
		TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIDOW	WIDOWER
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	20594	839	158	681	474	440	33	19282	18651	640
% WITH NO CHANGE	78%	66%	13%	79%	68%	72%	13%	79%	80%	64%
% WITH INCREASES	22	34	87	21	32	28	88	21	20	36
GAIN 1-5%	4	3	0	4	7	7	13	4	4	8
GAIN 6-20%	10	14	24	12	18	17	25	10	10	16
GAIN 21+%	7	16	63	5	8	5	50	7	7	12
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 9571	$ 8848	$ 5768	$ 9562	$17041	$17578	$ 9919	$ 9419	$ 9502	$ 7099
% DIFF (PROPOSAL)	3.4%	6.5%	35.2%	2.4%	4.4%	3.4%	29.5%	3.2%	3.2%	6.1%
GAINERS										
PRES LAW BEN.	$ 8720	$ 5979	$ 5745	$ 6200	$16830	$18782	$ 8463	$ 8603	$ 8719	$ 6834
% INCR (PROPOSAL)	17.3%	28.3%	40.7%	17.5%	13.8%	11.1%	39.5%	17.0%	17.0%	17.3%
LOSERS										
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A10

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH RETIREMENT BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING RETIREMENT BENEFITS)

		ONLY CHILD(REN) AUXILIARIES			MOTHER OR FATHER AND CHILD(REN) AUXILIARIES			ONLY SPOUSE AUXILIARY			
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIFE	HUSBAND	WORKER(S) ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	56520	590	21	569	258	253	4	6717	6335	382	48959
% WITH NO CHANGE	55%	65%	0%	67%	37%	38%	0%	18%	18%	26%	60%
% WITH INCREASES	45	35	100	33	63	62	100	82	82	74	40
GAIN 1-5%	11	8	0	8	19	18	100	15	15	3	10
GAIN 6-20%	24	13	0	14	34	34	0	57	59	29	20
GAIN 21+%	10	14	100	11	10	10	0	10	8	41	10
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$10522	$10094	$10020	$10096	$19434	$19467	$17444	$15180	$15636	$ 7604	$ 9847
% DIFF (PROPOSAL)	6.1%	5.3%	54.8%	3.5%	6.3%	6.3%	4.9%	9.4%	9.0%	22.3%	5.5%
GAINERS											
PRES LAW BEN.	$11652	$10818	$10020	$10906	$19727	$19787	$17444	$15696	$16105	$ 8169	$10459
% INCR (PROPOSAL)	12.3%	14.1%	54.8%	9.9%	9.8%	9.9%	4.9%	11.1%	10.6%	28.1%	12.9%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2030

TABLE A11

EFFECT OF EARNINGS SHARING ON
FAMILIES WITH DISABILITY BENEFICIARIES
(BENEFIT IS ALL BENEFITS FOR FAMILY MEMBERS RECEIVING DISABILITY BENEFITS)

		ONLY CHILD(REN) AUXILIARIES			MOTHER OR FATHER AND CHILD(REN) AUXILIARIES			ONLY SPOUSE AUXILIARY			
	TOTAL	TOTAL	OF WOMEN	OF MEN	TOTAL	+MOTHER	+FATHER	TOTAL	WIFE	HUSBAND	WORKER(S) ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5430	681	237	445	237	212	25	204	187	17	4308
% WITH NO CHANGE	55%	56%	12%	79%	26%	27%	17%	16%	16%	25%	58%
% WITH INCREASES	45	44	88	21	74	73	83	84	84	75	42
GAIN 1-5%	5	6	7	6	11	12	0	12	13	0	4
GAIN 6-20%	14	13	19	10	53	55	33	43	44	25	11
GAIN 21+%	25	24	61	5	11	6	50	29	27	50	26
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$11086	$11320	$11833	$11473	$17283	$18243	$ 9125	$16612	$16981	$12458	$10446
% DIFF (PROPOSAL)	11.6%	14.1%	38.1%	1.8%	8.7%	7.1%	36.1%	11.4%	11.1%	15.9%	11.5%
GAINERS											
PRES LAW BEN.	$ 9933	$ 9852	$10720	$ 7879	$17399	$18484	$ 9370	$17088	$17641	$10079	$ 8549
% INCR (PROPOSAL)	28.7%	36.8%	44.7%	12.5%	11.7%	9.6%	42.2%	13.2%	12.6%	26.1%	33.4%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A12

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	2047	2018	2643	11801	2992	5791
% WITH NO CHANGE	57%	58%	91%	21%	79%	97%	93%	82%
% WITH INCREASES	43	42	9	79	21	3	7	18
GAIN 1-5%	21	28	5	8	13	1	5	5
GAIN 6-20%	14	14	3	24	7	1	2	10
GAIN 21+%	8	0	2	47	1	0	1	2
% WITH DECREASES	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10638	$12544	$ 8172	$ 4765	$ 7331	$ 6555	$ 7396	$ 5455
% DIFF (PROPOSAL)	3.3%	2.1%	1.2%	20.6%	1.3%	0.3%	0.4%	1.6%
GAINERS								
PRES LAW BEN.	$10387	$13149	$ 6434	$ 4362	$ 7945	$ 6317	$ 6100	$ 4934
% INCR (PROPOSAL)	7.7%	4.6%	16.0%	28.4%	5.5%	10.5%	5.5%	10.1%
LOSERS								
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A13

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17214	29137	10828	10555	5635	17590	753	993
% WITH NO CHANGE	92%	77%	94%	50%	86%	92%	100%	100%
% WITH INCREASES	8	23	6	50	14	8	0	0
GAIN 1-5%	5	5	3	11	9	2	0	0
GAIN 6-20%	3	12	2	25	5	4	0	0
GAIN 21+%	1	6	1	14	1	1	0	0
% WITH DECREASES	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 7789	$ 5577	$ 8091	$ 4534	$ 7365	$ 6193	$ 6609	$ 5750
% DIFF (PROPOSAL)	0.5%	2.8%	0.3%	8.0%	0.8%	0.7%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 6773	$ 4703	$ 5959	$ 4555	$ 7410	$ 5280	$ 0	$ 0
% INCR (PROPOSAL)	6.4%	14.6%	7.9%	15.9%	5.5%	10.2%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A14

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES, BY RACE
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH BOTH RECEIVING AND EITHER SPOUSE 62 OR OVER)

	MARRIED COUPLES		WIDOWED				DIVORCED			
			MEN		WOMEN		MEN		WOMEN	
	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE	WHITE	NON-WHITE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	7973	889	2239	405	10499	1302	2611	380	4806	985
% WITH NO CHANGE	58%	59%	78%	87%	98%	94%	92%	93%	81%	87%
% WITH INCREASES	42	41	22	13	2	6	8	7	19	13
GAIN 1-5%	29	25	13	9	1	2	5	6	5	6
GAIN 6-20%	13	16	8	4	1	3	2	1	11	7
GAIN 21+%	1	0	1	0	0	1	1	0	2	1
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$12647	$11624	$ 7604	$ 5823	$ 6721	$ 5216	$ 7630	$ 5787	$ 5653	$ 4492
% DIFF (PROPOSAL)	2.1%	2.1%	1.4%	0.7%	0.3%	0.5%	0.4%	0.2%	1.7%	1.1%
GAINERS										
PRES LAW BEN.	$13276	$11989	$ 8084	$ 6618	$ 6483	$ 5779	$ 6283	$ 4821	$ 5049	$ 4130
% INCR (PROPOSAL)	4.5%	4.9%	5.5%	4.7%	11.2%	8.0%	5.7%	3.7%	10.3%	8.7%
LOSERS										
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A15

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	1129	3452	4281	2047	2018
% WITH NO CHANGE	57%	58%	92%	65%	42%	91%	21%
% WITH INCREASES	43	42	8	35	58	9	79
GAIN 1-5%	21	28	5	22	39	5	8
GAIN 6-20%	14	14	3	12	17	3	24
GAIN 21+%	8	0	0	0	1	2	47
% WITH DECREASES	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$10638	$12544	$11510	$13250	$12245	$ 8172	$ 4765
% DIFF (PROPOSAL)	3.3%	2.1%	0.5%	1.7%	2.8%	1.2%	20.6%
GAINERS							
PRES LAW BEN.	$10387	$13149	$11046	$13829	$12900	$ 6434	$ 4362
% INCR (PROPOSAL)	7.7%	4.6%	5.8%	4.6%	4.5%	16.0%	28.4%
LOSERS							
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A16

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10555	961	44	3136	465	5951
% WITH NO CHANGE	50%	92%	100%	58%	98%	34%
% WITH INCREASES	50	8	0	42	2	66
GAIN 1-5%	11	1	0	9	1	14
GAIN 6-20%	25	5	0	24	1	31
GAIN 21+%	14	3	0	9	0	20
% WITH DECREASES	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 4534	$ 3512	$ 7259	$ 4004	$ 7499	$ 4728
% DIFF (PROPOSAL)	8.0%	1.3%	0.0%	5.9%	0.2%	10.8%
GAINERS						
PRES LAW BEN.	$ 4555	$ 3431	$ 0	$ 4232	$ 8223	$ 4678
% INCR (PROPOSAL)	15.9%	16.4%	0.0%	13.4%	8.1%	16.6%
LOSERS						
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A17

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10828	112	0	0	12	10699
% WITH NO CHANGE	94%	68%	0%	0%	100%	95%
% WITH INCREASES	6	32	0	0	0	5
GAIN 1-5%	3	0	0	0	0	3
GAIN 6-20%	2	4	0	0	0	2
GAIN 21+%	1	29	0	0	0	0
% WITH DECREASES	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 8091	$ 1919	$ 0	$ 0	$ 5188	$ 8162
% DIFF (PROPOSAL)	0.3%	27.2%	0.0%	0.0%	0.0%	0.3%
GAINERS						
PRES LAW BEN.	$ 5959	$ 1900	$ 0	$ 0	$ 0	$ 6250
% INCR (PROPOSAL)	7.9%	85.3%	0.0%	0.0%	0.0%	6.3%
LOSERS						
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A18

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17590	5791	160	252	545	1642	3192	11801	2095	7901	1806
% WITH NO CHANGE	92%	82%	95%	100%	81%	99%	72%	97%	100%	98%	89%
% WITH INCREASES	8	18	5	0	19	1	28	3	0	2	11
GAIN 1-5%	2	5	0	0	7	0	9	1	0	1	4
GAIN 6-20%	4	10	3	0	10	1	16	1	0	1	5
GAIN 21+%	1	2	3	0	2	0	3	0	0	0	2
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6193	$ 5455	$ 3110	$ 6817	$ 4199	$ 6998	$ 4887	$ 6555	$ 6517	$ 7029	$ 4525
% DIFF (PROPOSAL)	0.7%	1.6%	2.6%	0.0%	2.1%	0.1%	2.8%	0.3%	0.0%	0.2%	1.5%
GAINERS											
PRES LAW BEN.	$ 5280	$ 4934	$ 2512	$ 0	$ 4458	$ 5857	$ 4991	$ 6317	$ 0	$ 5599	$ 6100
% INCR (PROPOSAL)	10.2%	10.1%	63.9%	0.0%	10.5%	10.5%	9.8%	10.5%	0.0%	10.7%	10.3%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A19

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	14727	12013	212	529	3020	8253	2715	72	116	713	1814
% WITH NO CHANGE	94%	97%	92%	83%	93%	99%	79%	78%	31%	51%	94%
% WITH INCREASES	6	3	8	17	7	1	21	22	69	49	6
GAIN 1-5%	3	1	0	5	3	0	13	11	34	30	4
GAIN 6-20%	3	2	8	8	3	0	7	6	31	17	2
GAIN 21+%	1	0	0	4	1	0	1	6	3	2	0
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6685	$ 6550	$ 6261	$ 6988	$ 7345	$ 6238	$ 7281	$ 5432	$ 7267	$ 3241	$ 6978
% DIFF (PROPOSAL)	0.5%	0.3%	0.7%	2.1%	0.5%	0.1%	1.4%	9.3%	4.7%	2.7%	0.4%
GAINERS											
PRES LAW BEN.	$ 7305	$ 6304	$ 6016	$ 6460	$ 6319	$ 6050	$ 7937	$ 7648	$ 6951	$ 3118	$ 8108
% INCR (PROPOSAL)	7.6%	10.5%	9.4%	13.9%	8.9%	11.1%	6.1%	29.3%	7.0%	5.3%	5.1%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A20

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5935	2855	56	425	1318	1057	3080	88	236	1346	1410
% WITH NO CHANGE	82%	75%	57%	46%	66%	98%	88%	59%	71%	82%	99%
% WITH INCREASES	18	25	43	54	34	2	12	41	29	18	1
GAIN 1-5%	6	9	14	15	13	2	2	9	3	4	0
GAIN 6-20%	10	13	14	27	19	0	8	14	20	13	1
GAIN 21+%	2	3	14	11	2	0	2	18	5	2	0
% WITH DECREASES	0	0	0	0	0	0	0	0	0	0	0
LOSE 1-5%	0	0	0	0	0	0	0	0	0	0	0
LOSE 6-20%	0	0	0	0	0	0	0	0	0	0	0
LOSE 21-99%	0	0	0	0	0	0	0	0	0	0	0
LOSE 100%	0	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 5473	$ 4668	$ 6301	$ 4891	$ 5034	$ 4037	$ 6220	$ 6121	$ 5978	$ 5337	$ 6155
% DIFF (PROPOSAL)	1.8%	2.5%	5.1%	5.9%	2.9%	0.1%	1.2%	7.4%	3.2%	1.7%	0.0%
GAINERS											
PRES LAW BEN.	$ 4983	$ 4935	$ 6309	$ 4808	$ 4939	$ 4700	$ 5079	$ 5473	$ 4702	$ 5143	$ 4754
% INCR (PROPOSAL)	10.6%	9.3%	11.8%	11.1%	8.7%	1.9%	13.0%	20.4%	14.0%	11.8%	6.4%
LOSERS											
PRES LAW BEN.	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
% DECR (PROPOSAL)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NO LOSER EARNINGS SHARING IN 2010

TABLE A21

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN		
		DISABLED		RETIRED				
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
TOTAL NUMBER (IN 000'S)	713	152	421	8	132	465	84	380
% DISTRIBUTION BY MARITAL STATUS								
MARRIED	94%	92%	95%	50%	94%	0%	0%	0%
WIDOWED	1	0	0	0	3	0	0	0
DIVORCED	6	8	5	50	3	0	0	0
NEVER MARRIED	0	0	0	0	0	100	100	100

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

NO LOSER EARNINGS SHARING IN 2010

TABLE A22

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	8862	2203	2243	2203	2215
AVG. PRES LAW BEN (1984 $)	$12544	$ 8446	$11485	$13628	$16611
% WHO WOULD GAIN	42%	31%	42%	43%	54%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	2.1%	1.8%	1.6%	2.0%	2.6%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	11801	2992	2896	2972	2944
AVG. PRES LAW BEN (1984 $)	$ 6555	$ 3822	$ 5856	$ 7207	$ 9363
% WHO WOULD GAIN	3%	3%	3%	3%	2%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	0.3%	0.4%	0.3%	0.4%	0.2%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	2643	665	641	677	661
AVG. PRES LAW BEN (1984 $)	$ 7331	$ 4568	$ 6517	$ 8007	$10209
% WHO WOULD GAIN	21%	14%	19%	20%	30%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	1.3%	1.5%	1.6%	1.2%	1.1%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5791	1490	1378	1478	1446
AVG. PRES LAW BEN (1984 $)	$ 5455	$ 3130	$ 4587	$ 5892	$ 8234
% WHO WOULD GAIN	18%	18%	29%	15%	9%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	1.6%	2.5%	3.2%	1.5%	0.6%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	2992	757	737	757	741
AVG. PRES LAW BEN (1984 $)	$ 7396	$ 4375	$ 6456	$ 8079	$10720
% WHO WOULD GAIN	7%	15%	5%	6%	3%
% WHO WOULD LOSE	0%	0%	0%	0%	0%
% DIFF IN AVG BEN	0.4%	1.1%	0.3%	0.3%	0.1%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	2605	2485	3856	15337	5853	9515
% WITH NO CHANGE	15%	19%	4%	4%	26%	13%	14%	14%
% WITH INCREASES	39	35	14	87	64	25	19	50
GAIN 1-5%	15	19	4	4	27	5	10	9
GAIN 6-20%	14	14	7	18	29	12	7	23
GAIN 21+%	11	2	3	65	8	9	2	18
% WITH DECREASES	46	46	82	9	10	62	67	36
LOSE 1-5%	20	26	8	2	3	4	18	4
LOSE 6-20%	20	17	50	3	5	22	45	11
LOSE 21-99%	6	3	24	4	1	36	4	20
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$14597	$16921	$10687	$ 6137	$ 9865	$ 9293	$ 9740	$ 7649
% DIFF (PROPOSAL)	0.0%	-0.9%	-11.6%	34.4%	4.4%	-13.2%	-5.7%	-4.8%
GAINERS								
PRES LAW BEN.	$13589	$17559	$ 8340	$ 5814	$ 9635	$ 8596	$ 8092	$ 6668
% INCR (PROPOSAL)	11.6%	6.3%	16.2%	45.5%	8.4%	17.3%	7.8%	17.1%
LOSERS								
PRES LAW BEN.	$15159	$16785	$11100	$ 9053	$ 9945	$10071	$10333	$ 9248
% DECR (PROPOSAL)	-8.8%	-7.0%	-15.7%	-23.5%	-9.8%	-25.4%	-9.7%	-28.0%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 2

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	889	5363	7165	2605	2485
% WITH NO CHANGE	15%	19%	4%	13%	26%	4%	4%
% WITH INCREASES	39	35	8	30	43	14	87
GAIN 1-5%	15	19	6	17	22	4	4
GAIN 6-20%	14	14	2	12	17	7	18
GAIN 21+%	11	2	1	1	3	3	65
% WITH DECREASES	46	46	88	57	32	82	9
LOSE 1-5%	20	26	12	26	27	8	2
LOSE 6-20%	20	17	46	29	4	50	3
LOSE 21-99%	6	3	30	2	1	24	4
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$14597	$16921	$15721	$18014	$16245	$10687	$ 6137
% DIFF (PROPOSAL)	0.0%	-0.9%	-14.3%	-2.3%	1.9%	-11.6%	34.4%
GAINERS							
PRES LAW BEN.	$13589	$17559	$15236	$18236	$17261	$ 8340	$ 5814
% INCR (PROPOSAL)	11.6%	6.3%	6.4%	5.8%	6.6%	16.2%	45.5%
LOSERS							
PRES LAW BEN.	$15159	$16785	$15534	$17923	$15678	$11100	$ 9053
% DECR (PROPOSAL)	-8.8%	-7.0%	-17.1%	-7.1%	-3.4%	-15.7%	-23.5%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 3

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15462	619	29	4832	677	9308
% WITH NO CHANGE	4%	1%	0%	1%	13%	4%
% WITH INCREASES	84	72	14	89	23	86
GAIN 1-5%	5	5	0	3	1	7
GAIN 6-20%	25	19	14	20	13	29
GAIN 21+%	54	47	0	66	9	51
% WITH DECREASES	13	28	86	10	64	10
LOSE 1-5%	3	2	0	2	6	4
LOSE 6-20%	6	9	0	6	21	5
LOSE 21-99%	4	9	86	2	36	1
LOSE 100%	0	8	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 6126	$ 5005	$ 7328	$ 5425	$ 9728	$ 6297
% DIFF (PROPOSAL)	21.3%	11.5%	-44.4%	27.6%	-14.0%	23.2%
GAINERS						
PRES LAW BEN.	$ 5945	$ 5192	$ 4573	$ 5432	$ 7997	$ 6224
% INCR (PROPOSAL)	29.5%	28.0%	11.0%	32.6%	17.7%	28.3%
LOSERS						
PRES LAW BEN.	$ 6961	$ 4519	$ 7787	$ 5361	$10289	$ 6644
% DECR (PROPOSAL)	-17.6%	-37.5%	-49.9%	-14.5%	-25.7%	-9.4%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 4

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15889	274	4	29	21	15549
% WITH NO CHANGE	5%	0%	0%	0%	20%	5%
% WITH INCREASES	10	77	100	71	20	8
GAIN 1-5%	3	2	100	14	0	3
GAIN 6-20%	4	3	0	29	20	4
GAIN 21+%	2	73	0	29	0	1
% WITH DECREASES	86	23	0	29	60	87
LOSE 1-5%	9	0	0	0	20	9
LOSE 6-20%	61	2	0	14	20	62
LOSE 21-99%	16	2	0	14	20	16
LOSE 100%	0	20	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$10784	$ 2653	$ 5167	$ 5081	$ 6173	$10953
% DIFF (PROPOSAL)	-11.6%	47.4%	4.0%	8.0%	-10.8%	-11.9%
GAINERS						
PRES LAW BEN.	$ 7268	$ 2748	$ 5167	$ 4789	$ 4737	$ 8121
% INCR (PROPOSAL)	12.9%	80.5%	4.0%	20.5%	12.6%	8.7%
LOSERS						
PRES LAW BEN.	$11250	$ 2332	$ 0	$ 5530	$ 7265	$11301
% DECR (PROPOSAL)	-13.9%	-85.2%	0.0%	-19.1%	-18.0%	-13.8%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 5

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	24850	9515	137	212	943	3644	4582	15337	1030	12841	1467
% WITH NO CHANGE	13%	14%	6%	2%	4%	11%	20%	13%	12%	10%	40%
% WITH INCREASES	34	50	58	6	69	18	73	25	6	22	59
GAIN 1-5%	6	9	0	2	4	4	14	5	2	4	10
GAIN 6-20%	16	23	15	2	26	9	35	12	3	11	23
GAIN 21+%	12	18	42	2	38	5	24	9	2	7	26
% WITH DECREASES	52	36	36	92	27	71	7	62	81	68	1
LOSE 1-5%	4	4	3	0	7	4	4	4	4	5	0
LOSE 6-20%	17	11	6	8	14	21	2	22	20	24	0
LOSE 21-99%	30	20	15	76	7	46	0	36	54	39	0
LOSE 100%	0	0	12	8	0	0	0	0	3	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 8664	$ 7649	$ 4682	$ 8515	$ 5730	$ 9380	$ 6712	$ 9293	$ 8920	$ 9404	$ 6827
% DIFF (PROPOSAL)	-10.3%	-4.8%	-7.7%	-41.8%	12.5%	-19.8%	11.2%	-13.2%	-27.4%	-14.3%	13.2%
GAINERS											
PRES LAW BEN.	$ 7527	$ 6668	$ 4192	$ 6688	$ 5648	$ 8147	$ 6641	$ 8596	$ 9670	$ 8857	$ 7659
% INCR (PROPOSAL)	17.2%	17.1%	26.5%	22.3%	24.5%	16.1%	15.9%	17.3%	14.8%	16.7%	19.9%
LOSERS											
PRES LAW BEN.	$ 9854	$ 9248	$ 5132	$ 8584	$ 5941	$ 9874	$ 7832	$10071	$ 9262	$10151	$ 8303
% DECR (PROPOSAL)	-26.1%	-28.0%	-53.5%	-46.1%	-14.5%	-29.6%	-4.7%	-25.4%	-33.6%	-24.7%	-6.5%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 6

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	19435	15516	179	490	4080	10769	3922	66	145	1030	2680
% WITH NO CHANGE	15%	13%	0%	8%	5%	16%	26%	6%	14%	15%	31%
% WITH INCREASES	33	25	16	74	45	15	63	19	69	70	62
GAIN 1-5%	9	5	0	4	7	4	27	6	26	23	29
GAIN 6-20%	15	12	2	32	20	7	28	6	17	32	28
GAIN 21+%	9	9	14	37	17	4	8	6	26	16	4
% WITH DECREASES	52	63	84	18	50	69	11	75	17	15	7
LOSE 1-5%	4	4	0	2	5	4	3	0	3	5	3
LOSE 6-20%	18	21	0	10	23	22	5	6	14	8	3
LOSE 21-99%	29	36	0	4	21	43	1	0	0	1	1
LOSE 100%	1	1	84	2	1	0	1	69	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9392	$ 9285	$ 8533	$ 8485	$10067	$ 9035	$ 9810	$ 6644	$ 9814	$10504	$ 9623
% DIFF (PROPOSAL)	-10.1%	-13.8%	-70.6%	13.9%	-4.3%	-18.1%	3.8%	-44.7%	6.9%	5.8%	3.6%
GAINERS											
PRES LAW BEN.	$ 9017	$ 8609	$10293	$ 8302	$ 8978	$ 8238	$ 9647	$12095	$ 8717	$10098	$ 9488
% INCR (PROPOSAL)	13.7%	17.6%	50.0%	24.1%	18.4%	14.4%	8.4%	12.9%	13.8%	10.6%	7.1%
LOSERS											
PRES LAW BEN.	$10013	$10042	$ 8191	$ 9401	$11264	$ 9752	$ 9346	$ 4847	$10667	$10252	$ 9626
% DECR (PROPOSAL)	-25.9%	-26.3%	-100.0%	-17.7%	-20.8%	-26.9%	-14.7%	-89.7%	-9.0%	-16.3%	-9.5%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 7

EFFECT OF EARNINGS SHARING ON
DISABLED WORKERS AND RETIRED WORKERS
(BENEFIT IS ALL BENEFITS FOR PERSONS RECEIVING WORKER BENEFITS)

	DISABLED WORKERS					RETIRED WORKERS				
		MARRIED		PREV-MARRIED			MARRIED		PREV-MARRIED	
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5255	1662	1433	769	656	67630	15075	14444	9287	23210
% WITH NO CHANGE	18%	4%	2%	8%	6%	18%	5%	4%	19%	14%
% WITH INCREASES	40	8	89	23	80	37	8	84	37	35
GAIN 1-5%	4	2	6	8	8	6	3	5	17	6
GAIN 6-20%	11	5	17	10	25	14	4	25	16	17
GAIN 21+%	25	1	66	5	47	16	1	54	4	12
% WITH DECREASES	42	89	9	69	15	46	87	12	44	51
LOSE 1-5%	5	4	4	11	9	6	9	3	12	4
LOSE 6-20%	24	50	4	42	6	25	62	6	29	18
LOSE 21-99%	13	34	1	16	0	15	16	3	2	29
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$10480	$12893	$ 7879	$11909	$ 8935	$ 8652	$10254	$ 6117	$ 9809	$ 8669
% DIFF (PROPOSAL)	2.3%	-15.9%	36.2%	-7.6%	21.7%	-3.6%	-11.7%	21.6%	-1.6%	-9.7%
GAINERS										
PRES LAW BEN.	$ 8188	$ 9564	$ 7657	$ 9630	$ 8676	$ 6996	$ 7960	$ 5916	$ 9257	$ 7502
% INCR (PROPOSAL)	34.0%	9.3%	43.1%	12.0%	29.1%	19.9%	8.9%	29.4%	7.7%	16.8%
LOSERS										
PRES LAW BEN.	$12819	$13323	$ 9551	$12673	$10290	$10359	$11215	$ 7134	$10280	$ 9929
% DECR (PROPOSAL)	-16.1%	-17.9%	-10.6%	-13.4%	-5.2%	-17.4%	-13.6%	-16.1%	-9.3%	-25.3%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 8

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN		
		DISABLED		RETIRED				
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
TOTAL NUMBER (IN 000'S)	727	188	302	79	158	266	37	229
% DISTRIBUTION BY MARITAL STATUS								
MARRIED	87%	85%	95%	53%	89%	0%	0%	0%
WIDOWED	1	0	0	5	0	0	0	0
DIVORCED	12	15	5	42	11	0	0	0
NEVER MARRIED	0	0	0	0	0	100	100	100

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 9

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	13414	3365	3353	3378	3324
AVG. PRES LAW BEN (1984 $)	$16921	$11425	$15400	$18313	$22579
% WHO WOULD GAIN	35%	27%	32%	37%	45%
% WHO WOULD LOSE	46%	46%	49%	48%	40%
% DIFF IN AVG BEN	-0.9%	-0.5%	-1.4%	-1.0%	-0.6%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	15337	3860	3764	3914	3806
AVG. PRES LAW BEN (1984 $)	$ 9293	$ 5734	$ 8149	$10060	$13233
% WHO WOULD GAIN	25%	31%	30%	23%	16%
% WHO WOULD LOSE	62%	38%	59%	70%	82%
% DIFF IN AVG BEN	-13.2%	-2.6%	-8.3%	-13.3%	-20.8%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	3856	951	976	968	960
AVG. PRES LAW BEN (1984 $)	$ 9865	$ 5868	$ 8571	$10655	$14350
% WHO WOULD GAIN	64%	69%	66%	66%	57%
% WHO WOULD LOSE	10%	9%	9%	12%	10%
% DIFF IN AVG BEN	4.4%	9.3%	6.0%	3.4%	2.1%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	9515	2443	2347	2356	2372
AVG. PRES LAW BEN (1984 $)	$ 7648	$ 4595	$ 6373	$ 8183	$11519
% WHO WOULD GAIN	50%	68%	63%	44%	23%
% WHO WOULD LOSE	36%	14%	22%	43%	65%
% DIFF IN AVG BEN	-4.8%	13.3%	6.5%	-4.1%	-18.9%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5853	1458	1467	1446	1483
AVG. PRES LAW BEN (1984 $)	$ 9740	$ 5628	$ 8496	$10734	$14042
% WHO WOULD GAIN	19%	32%	20%	14%	9%
% WHO WOULD LOSE	67%	48%	66%	76%	79%
% DIFF IN AVG BEN	-5.7%	-2.0%	-5.0%	-7.0%	-6.7%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	27935	43793	15889	15462	9706	24850	2343	3486
% WITH NO CHANGE	18%	17%	5%	4%	19%	13%	100%	100%
% WITH INCREASES	18	49	10	84	37	34	0	0
GAIN 1-5%	7	5	3	5	17	6	0	0
GAIN 6-20%	8	18	4	25	16	16	0	0
GAIN 21+%	3	26	2	54	4	12	0	0
% WITH DECREASES	64	34	86	13	44	52	0	0
LOSE 1-5%	9	4	9	3	12	4	0	0
LOSE 6-20%	45	12	61	6	29	17	0	0
LOSE 21-99%	10	18	16	4	3	30	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10234	$ 7625	$10784	$ 6126	$ 9792	$ 8664	$ 8345	$ 6932
% DIFF (PROPOSAL)	-7.5%	-0.6%	-11.6%	21.3%	-1.7%	-10.3%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 8597	$ 6576	$ 7268	$ 5945	$ 9162	$ 7527	$ 0	$ 0
% INCR (PROPOSAL)	9.4%	23.9%	12.9%	29.5%	8.3%	17.2%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$11022	$ 9468	$11250	$ 6961	$10299	$ 9854	$ 0	$ 0
% DECR (PROPOSAL)	-12.9%	-25.2%	-13.9%	-17.6%	-9.7%	-26.1%	0.0%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A3

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY PRIOR MARITAL HISTORY
(WIDOWS AND WIDOWERS AGE 62 OR OLDER)

	WIDOWS				WIDOWERS			
			MARRIED 2 OR MORE TIMES				MARRIED 2 OR MORE TIMES	
	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15337	10400	2202	2734	3856	2431	386	1039
% WITH NO CHANGE	13%	14%	12%	8%	26%	26%	41%	20%
% WITH INCREASES	25	25	20	28	64	72	55	49
GAIN 1-5%	5	4	4	6	27	31	29	19
GAIN 6-20%	12	12	10	13	29	31	22	25
GAIN 21+%	9	9	6	9	8	10	4	5
% WITH DECREASES	62	61	68	64	10	2	4	31
LOSE 1-5%	4	4	5	5	3	1	2	11
LOSE 6-20%	22	23	17	21	5	1	1	16
LOSE 21-99%	36	34	45	38	1	0	1	4
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 9293	$ 9099	$ 9740	$ 9662	$ 9865	$ 9890	$ 9764	$ 9846
% DIFF (PROPOSAL)	-13.2%	-11.7%	-18.0%	-14.5%	4.4%	5.9%	3.4%	1.1%
GAINERS								
PRES LAW BEN.	$ 8596	$ 8630	$ 8660	$ 8451	$ 9635	$ 9686	$ 9983	$ 9317
% INCR (PROPOSAL)	17.3%	17.9%	16.3%	15.7%	8.4%	8.4%	6.8%	9.1%
LOSERS								
PRES LAW BEN.	$10071	$ 9890	$10431	$10418	$ 9945	$ 6923	$11536	$10216
% DECR (PROPOSAL)	-25.4%	-24.2%	-28.8%	-26.7%	-9.8%	-11.8%	-9.4%	-9.7%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A4

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN AND MEN, BY PRIOR MARITAL HISTORY
(DIVORCED PERSONS AGE 62 OR OLDER)

	DIVORCED WOMEN					DIVORCED MEN				
		MARRIED ONCE		MARRIED 2 OR MORE TIMES			MARRIED ONCE		MARRIED 2 OR MORE TIMES	
	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9515	1010	1159	5712	1637	5853	258	1113	2065	2418
% WITH NO CHANGE	14%	20%	22%	14%	7%	14%	42%	18%	19%	5%
% WITH INCREASES	50	25	63	43	78	19	48	7	37	5
GAIN 1-5%	9	4	10	8	12	10	24	4	19	3
GAIN 6-20%	23	14	29	20	36	7	16	2	14	2
GAIN 21+%	18	7	24	15	31	2	8	1	3	1
% WITH DECREASES	36	55	15	43	14	67	10	75	45	89
LOSE 1-5%	4	4	7	3	6	18	2	17	21	18
LOSE 6-20%	11	16	6	12	5	45	5	51	22	66
LOSE 21-99%	20	34	1	27	3	4	3	6	1	5
LOSE 100%	0	0	1	0	1	0	0	0	0	1
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 7649	$ 8361	$ 6485	$ 8108	$ 6423	$ 9740	$ 8641	$ 9247	$ 9798	$10033
% DIFF (PROPOSAL)	-4.8%	-13.2%	9.1%	-9.2%	11.8%	-5.7%	2.7%	-8.4%	-1.1%	-9.2%
GAINERS										
PRES LAW BEN.	$ 6660	$ 7816	$ 6236	$ 6860	$ 6321	$ 8092	$ 8973	$ 4981	$ 8739	$ 5452
% INCR (PROPOSAL)	17.1%	15.3%	17.9%	16.8%	17.6%	7.8%	9.5%	10.7%	6.9%	12.2%
LOSERS										
PRES LAW BEN.	$ 9248	$ 9214	$ 7493	$ 9602	$ 6921	$10333	$ 7172	$10078	$10498	$10397
% DECR (PROPOSAL)	-28.0%	-27.8%	-10.4%	-30.2%	-11.4%	-9.7%	-26.9%	-10.8%	-7.1%	-10.3%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A5

EFFECT OF EARNINGS SHARING ON
AGED MARRIED COUPLES, BY PRIOR MARITAL HISTORY
(EITHER SPOUSE AGE 62 OR OLDER AND BOTH RECEIVING BENEFITS)

	TOTAL	BOTH MARRIED ONCE	ONLY HUSBAND MARRIED MORE THAN ONCE		ONLY WIFE MARRIED MORE THAN ONCE		BOTH MARRIED MORE THAN ONCE	
			ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	13414	7128	229	582	494	399	3228	1359
% WITH NO CHANGE	19%	21%	25%	21%	14%	18%	16%	15%
% WITH INCREASES	35	31	35	33	26	32	46	36
GAIN 1-5%	19	20	24	19	14	22	18	20
GAIN 6-20%	14	11	11	13	12	9	22	15
GAIN 21+%	2	1	0	1	0	1	5	2
% WITH DECREASES	46	48	40	46	60	50	38	49
LOSE 1-5%	26	28	20	23	27	27	18	31
LOSE 6-20%	17	17	15	14	27	21	15	15
LOSE 21-99%	3	2	5	9	6	2	5	4
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$16921	$16778	$15693	$16401	$16963	$17364	$17250	$17127
% DIFF (PROPOSAL)	-0.9%	-1.0%	-2.3%	-1.9%	-4.5%	-1.7%	0.5%	-1.2%
GAINERS								
PRES LAW BEN.	$17559	$18107	$16522	$18818	$17045	$17415	$16936	$16795
% INCR (PROPOSAL)	6.3%	5.1%	4.2%	6.2%	5.1%	4.5%	8.9%	5.4%
LOSERS								
PRES LAW BEN.	$16785	$16436	$15687	$14687	$17273	$17288	$17835	$17234
% DECR (PROPOSAL)	-7.0%	-5.9%	-9.5%	-10.3%	-9.6%	-6.4%	-8.8%	-6.4%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A7

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9607	2842	46	370	1541	885	6767	46	270	2239	4213
% WITH NO CHANGE	14%	13%	9%	3%	6%	31%	15%	0%	2%	8%	19%
% WITH INCREASES	50	72	64	79	81	54	41	45	82	60	28
GAIN 1-5%	9	11	9	6	12	14	8	9	11	8	7
GAIN 6-20%	23	32	18	26	37	29	19	9	34	27	14
GAIN 21+%	18	28	36	47	33	12	14	27	37	24	6
% WITH DECREASES	36	15	27	18	13	15	45	55	17	33	53
LOSE 1-5%	4	7	18	9	7	5	3	0	5	4	3
LOSE 6-20%	11	6	9	9	5	5	13	0	5	12	14
LOSE 21-99%	20	2	0	0	1	4	28	0	8	16	36
LOSE 100%	1	1	0	0	0	2	1	55	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7647	$ 6473	$ 7969	$ 7169	$ 6642	$ 5810	$ 8139	$ 7083	$ 7275	$ 8229	$ 8157
% DIFF (PROPOSAL)	-4.8%	10.7%	13.4%	15.9%	13.1%	3.0%	-10.0%	-30.9%	13.1%	-0.0%	-16.4%
GAINERS											
PRES LAW BEN.	$ 6681	$ 6307	$ 7469	$ 6750	$ 6391	$ 5747	$ 6960	$ 8503	$ 6806	$ 7188	$ 6702
% INCR (PROPOSAL)	17.2%	17.8%	25.0%	23.1%	18.3%	12.1%	16.8%	26.6%	22.5%	19.0%	12.7%
LOSERS											
PRES LAW BEN.	$ 9220	$ 7188	$ 8108	$ 8871	$ 7501	$ 5825	$ 9501	$ 5900	$ 8922	$10059	$ 9369
% DECR (PROPOSAL)	-28.3%	-10.8%	-5.0%	-5.4%	-7.0%	-22.6%	-30.1%	-100.0%	-19.5%	-24.8%	-31.7%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A12

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	2047	2018	2643	11801	2992	5791
% WITH NO CHANGE	36%	47%	14%	12%	79%	73%	57%	62%
% WITH INCREASES	25	16	9	79	19	3	7	17
GAIN 1-5%	11	14	5	7	11	1	5	5
GAIN 6-20%	6	2	3	24	7	1	2	10
GAIN 21+%	8	0	2	47	1	0	1	2
% WITH DECREASES	39	36	77	10	2	24	35	20
LOSE 1-5%	15	16	21	3	1	1	21	3
LOSE 6-20%	20	16	54	4	0	10	14	8
LOSE 21-99%	3	4	1	3	0	13	0	9
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10638	$12544	$ 8172	$ 4765	$ 7331	$ 6555	$ 7396	$ 5455
% DIFF (PROPOSAL)	-1.4%	-2.5%	-5.3%	18.3%	0.9%	-6.6%	-1.8%	-3.3%
GAINERS								
PRES LAW BEN.	$ 8750	$13828	$ 6434	$ 4362	$ 7861	$ 6306	$ 6100	$ 4928
% INCR (PROPOSAL)	10.0%	3.3%	14.7%	28.5%	5.7%	10.7%	5.5%	10.3%
LOSERS								
PRES LAW BEN.	$11280	$12892	$ 8609	$ 6283	$ 7768	$ 7811	$ 8467	$ 6095
% DECR (PROPOSAL)	-8.4%	-8.2%	-7.9%	-17.1%	-14.7%	-23.7%	-5.2%	-21.9%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A13

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17214	29137	10828	10555	5635	17590	753	993
% WITH NO CHANGE	48%	55%	34%	26%	67%	69%	100%	100%
% WITH INCREASES	8	23	5	50	13	8	0	0
GAIN 1-5%	4	5	3	11	8	2	0	0
GAIN 6-20%	3	12	2	25	4	4	0	0
GAIN 21+%	1	6	1	14	1	1	0	0
% WITH DECREASES	45	23	61	24	20	23	0	0
LOSE 1-5%	20	3	26	7	12	2	0	0
LOSE 6-20%	24	9	33	10	8	10	0	0
LOSE 21-99%	1	9	1	6	0	12	0	0
LOSE 100%	0	1	0	2	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 7789	$ 5577	$ 8091	$ 4534	$ 7365	$ 6193	$ 6609	$ 5750
% DIFF (PROPOSAL)	-2.8%	-2.7%	-4.0%	3.5%	-0.5%	-5.6%	0.0%	0.0%
GAINERS								
PRES LAW BEN.	$ 6718	$ 4689	$ 5972	$ 4545	$ 7322	$ 5264	$ 0	$ 0
% INCR (PROPOSAL)	6.5%	14.7%	7.7%	16.0%	5.6%	10.4%	0.0%	0.0%
LOSERS								
PRES LAW BEN.	$ 8760	$ 6247	$ 8815	$ 4558	$ 8437	$ 7310	$ 0	$ 0
% DECR (PROPOSAL)	-6.3%	-21.9%	-6.5%	-18.4%	-5.6%	-23.2%	0.0%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A15

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	1129	3452	4281	2047	2018
% WITH NO CHANGE	36%	47%	32%	33%	63%	14%	12%
% WITH INCREASES	25	16	2	11	25	9	79
GAIN 1-5%	11	14	1	9	21	5	7
GAIN 6-20%	6	2	1	2	3	3	24
GAIN 21+%	8	0	0	0	1	2	47
% WITH DECREASES	39	36	66	56	12	77	10
LOSE 1-5%	15	16	5	26	11	21	3
LOSE 6-20%	20	16	35	30	1	54	4
LOSE 21-99%	3	4	27	1	1	1	3
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$10638	$12544	$11510	$13250	$12245	$ 8172	$ 4765
% DIFF (PROPOSAL)	-1.4%	-2.5%	-12.2%	-3.2%	0.6%	-5.3%	18.3%
GAINERS							
PRES LAW BEN.	$ 8750	$13828	$11722	$14257	$13716	$ 6434	$ 4362
% INCR (PROPOSAL)	10.0%	3.3%	5.3%	3.2%	3.3%	14.7%	28.5%
LOSERS							
PRES LAW BEN.	$11280	$12892	$12072	$13426	$12062	$ 8609	$ 6283
% DECR (PROPOSAL)	-8.4%	-8.2%	-17.6%	-6.2%	-3.1%	-7.9%	-17.1%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A16

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10555	961	44	3136	465	5951
% WITH NO CHANGE	26%	37%	27%	24%	51%	23%
% WITH INCREASES	50	8	0	42	2	65
GAIN 1-5%	11	1	0	9	1	14
GAIN 6-20%	25	5	0	24	1	31
GAIN 21+%	14	3	0	9	0	20
% WITH DECREASES	24	55	73	35	47	11
LOSE 1-5%	7	3	0	7	2	7
LOSE 6-20%	10	16	9	18	22	4
LOSE 21-99%	6	18	64	10	24	0
LOSE 100%	2	18	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 4534	$ 3512	$ 7259	$ 4004	$ 7499	$ 4728
% DIFF (PROPOSAL)	3.5%	-23.8%	-25.2%	0.7%	-10.9%	10.2%
GAINERS						
PRES LAW BEN.	$ 4545	$ 3431	$ 0	$ 4232	$ 8223	$ 4666
% INCR (PROPOSAL)	16.0%	16.4%	0.0%	13.4%	8.1%	16.8%
LOSERS						
PRES LAW BEN.	$ 4558	$ 3733	$ 7251	$ 3958	$ 7717	$ 5013
% DECR (PROPOSAL)	-18.4%	-43.3%	-34.7%	-15.1%	-22.7%	-5.0%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A17

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10828	112	0	0	12	10699
% WITH NO CHANGE	34%	50%	0%	0%	33%	34%
% WITH INCREASES	5	29	0	0	0	5
GAIN 1-5%	3	0	0	0	0	3
GAIN 6-20%	2	4	0	0	0	2
GAIN 21+%	1	25	0	0	0	0
% WITH DECREASES	61	21	0	0	67	61
LOSE 1-5%	26	0	0	0	0	26
LOSE 6-20%	33	0	0	0	33	34
LOSE 21-99%	1	0	0	0	33	1
LOSE 100%	0	21	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 8091	$ 1919	$ 0	$ 0	$ 5188	$ 8162
% DIFF (PROPOSAL)	-4.0%	1.0%	0.0%	0.0%	-28.7%	-4.0%
GAINERS						
PRES LAW BEN.	$ 5972	$ 1887	$ 0	$ 0	$ 0	$ 6239
% INCR (PROPOSAL)	7.7%	80.3%	0.0%	0.0%	0.0%	6.3%
LOSERS						
PRES LAW BEN.	$ 8815	$ 1927	$ 0	$ 0	$ 5628	$ 8844
% DECR (PROPOSAL)	-6.5%	-100.0%	0.0%	0.0%	-39.6%	-6.4%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A18

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17590	5791	160	252	545	1642	3192	11801	2095	7901	1806
% WITH NO CHANGE	69%	62%	40%	79%	24%	60%	70%	73%	86%	66%	90%
% WITH INCREASES	8	17	5	0	19	1	27	3	0	2	10
GAIN 1-5%	2	5	0	0	7	0	8	1	0	1	4
GAIN 6-20%	4	10	3	0	10	1	16	1	0	1	4
GAIN 21+%	1	2	3	0	2	0	3	0	0	0	2
% WITH DECREASES	23	20	55	21	57	39	3	24	14	32	0
LOSE 1-5%	2	3	3	5	6	2	2	1	0	2	0
LOSE 6-20%	10	8	20	6	32	15	1	10	5	14	0
LOSE 21-99%	12	9	20	10	18	22	0	13	8	17	0
LOSE 100%	0	0	13	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6193	$ 5455	$ 3110	$ 6817	$ 4199	$ 6998	$ 4887	$ 6555	$ 6517	$ 7029	$ 4525
% DIFF (PROPOSAL)	-5.6%	-3.3%	-15.6%	-3.6%	-7.7%	-10.1%	2.7%	-6.6%	-5.2%	-8.1%	1.4%
GAINERS											
PRES LAW BEN.	$ 5264	$ 4928	$ 2512	$ 0	$ 4458	$ 5964	$ 4987	$ 6306	$ 0	$ 6599	$ 6060
% INCR (PROPOSAL)	10.4%	10.3%	63.9%	0.0%	10.5%	12.4%	10.0%	10.7%	0.0%	10.7%	10.6%
LOSERS											
PRES LAW BEN.	$ 7310	$ 6095	$ 3284	$ 6345	$ 4344	$ 7450	$ 5135	$ 7811	$ 7908	$ 7813	$ 0
% DECR (PROPOSAL)	-23.2%	-21.9%	-31.3%	-18.6%	-16.8%	-24.7%	-4.5%	-23.7%	-30.9%	-22.9%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A19

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	14727	12013	212	529	3020	8253	2715	72	116	713	1814
% WITH NO CHANGE	73%	72%	13%	23%	27%	93%	77%	17%	24%	45%	96%
% WITH INCREASES	6	3	8	17	7	0	19	22	69	49	4
GAIN 1-5%	3	1	0	5	3	0	11	11	34	30	2
GAIN 6-20%	3	1	8	8	3	0	7	6	31	17	2
GAIN 21+%	1	0	0	4	1	0	1	6	3	2	0
% WITH DECREASES	21	25	79	61	66	7	3	61	7	6	0
LOSE 1-5%	1	1	0	2	2	1	1	0	7	3	0
LOSE 6-20%	8	10	6	22	22	5	0	0	0	1	0
LOSE 21-99%	12	14	66	36	42	1	2	61	0	1	0
LOSE 100%	0	0	8	0	0	0	0	0	0	1	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6685	$ 6550	$ 6261	$ 6988	$ 7345	$ 6238	$ 7281	$ 5432	$ 7267	$ 8241	$ 6978
% DIFF (PROPOSAL)	-5.9%	-7.5%	-60.4%	-13.8%	-18.6%	-0.8%	0.4%	-25.7%	4.5%	1.8%	0.3%
GAINERS											
PRES LAW BEN.	$ 7240	$ 6292	$ 6016	$ 6460	$ 6319	$ 0	$ 7854	$ 7648	$ 6951	$ 8118	$ 7629
% INCR (PROPOSAL)	7.8%	10.6%	9.4%	13.9%	8.9%	0.0%	6.4%	29.3%	7.0%	5.3%	6.4%
LOSERS											
PRES LAW BEN.	$ 7663	$ 7719	$ 6157	$ 7370	$ 7950	$ 7558	$ 5831	$ 3719	$ 5928	$ 8136	$ 0
% DECR (PROPOSAL)	-26.3%	-26.1%	-78.4%	-24.9%	-26.6%	-11.4%	-35.7%	-83.6%	-3.9%	-16.3%	0.0%

GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A20

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5935	2855	56	425	1318	1057	3080	88	236	1346	1410
% WITH NO CHANGE	62%	60%	50%	28%	44%	92%	63%	23%	32%	43%	91%
% WITH INCREASES	18	25	43	54	34	1	11	41	29	18	1
GAIN 1-5%	5	9	14	15	13	1	2	9	3	4	0
GAIN 6-20%	10	13	14	27	19	0	8	14	20	13	1
GAIN 21+%	2	3	14	11	2	0	2	18	5	2	0
% WITH DECREASES	20	15	7	18	22	6	25	36	39	39	9
LOSE 1-5%	3	3	7	5	3	1	3	0	3	3	2
LOSE 6-20%	8	7	0	7	10	5	9	0	12	11	7
LOSE 21-99%	9	4	0	5	8	1	14	36	24	25	0
LOSE 100%	0	1	0	2	1	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 5473	$ 4668	$ 6301	$ 4891	$ 5034	$ 4037	$ 6220	$ 6121	$ 5978	$ 6337	$ 6155
% DIFF (PROPOSAL)	-3.7%	0.1%	4.6%	4.0%	-0.8%	-0.7%	-6.3%	-27.1%	-10.7%	-9.9%	-0.7%
GAINERS											
PRES LAW BEN.	$ 4978	$ 4930	$ 6309	$ 4808	$ 4939	$ 4150	$ 5075	$ 5473	$ 4702	$ 5143	$ 4415
% INCR (PROPOSAL)	10.7%	9.5%	11.8%	11.1%	8.7%	2.7%	13.1%	20.4%	14.0%	11.8%	8.9%
LOSERS											
PRES LAW BEN.	$ 6137	$ 4413	$11663	$ 3976	$ 4485	$ 4172	$ 7106	$ 6995	$ 6647	$ 7178	$ 7163
% DECR (PROPOSAL)	-23.6%	-16.8%	-3.1%	-12.9%	-19.4%	-11.6%	-26.0%	-83.2%	-31.9%	-26.0%	-7.4%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	2605	2485	3856	15337	5853	9515
% WITH NO CHANGE	19%	16%	41%	15%	26%	11%	13%	11%
% WITH INCREASES	49	49	19	79	65	27	23	54
GAIN 1-5%	18	23	5	5	27	5	11	7
GAIN 6-20%	20	22	8	21	29	13	10	23
GAIN 21+%	11	4	6	53	9	10	3	24
% WITH DECREASES	32	35	39	7	9	62	64	34
LOSE 1-5%	17	20	13	1	3	4	17	4
LOSE 6-20%	13	14	22	2	5	22	43	11
LOSE 21-99%	2	1	4	3	1	36	4	19
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$14597	$16921	$10687	$ 6137	$ 9865	$ 9293	$ 9740	$ 7649
% DIFF (PROPOSAL)	2.4%	1.1%	-1.1%	28.2%	4.6%	-12.6%	-5.1%	-2.7%
GAINERS								
PRES LAW BEN.	$13595	$16326	$ 8403	$ 5797	$ 9588	$ 8266	$ 7730	$ 6534
% INCR (PROPOSAL)	10.8%	7.2%	19.5%	41.4%	8.7%	17.7%	8.6%	19.2%
LOSERS								
PRES LAW BEN.	$16399	$17749	$11274	$ 9681	$10077	$10116	$10486	$ 9436
% DECR (PROPOSAL)	-6.8%	-6.0%	-9.8%	-24.0%	-9.4%	-25.1%	-9.7%	-27.6%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 2

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	18501	13414	889	5363	7165	2605	2485
% WITH NO CHANGE	19%	16%	14%	13%	19%	41%	15%
% WITH INCREASES	49	49	23	36	61	19	79
GAIN 1-5%	18	23	10	20	27	5	5
GAIN 6-20%	20	22	8	15	28	8	21
GAIN 21+%	11	4	5	2	6	6	53
% WITH DECREASES	32	35	62	51	20	39	7
LOSE 1-5%	17	20	16	25	17	13	1
LOSE 6-20%	13	14	42	23	3	22	2
LOSE 21-99%	2	1	4	2	0	4	3
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$14597	$16921	$15721	$18014	$16245	$10687	$ 6137
% DIFF (PROPOSAL)	2.4%	1.1%	-4.1%	-1.3%	3.8%	-1.1%	28.2%
GAINERS							
PRES LAW BEN.	$13595	$16326	$13621	$17608	$15882	$ 8403	$ 5797
% INCR (PROPOSAL)	10.8%	7.2%	9.0%	6.3%	7.6%	19.5%	41.4%
LOSERS							
PRES LAW BEN.	$16399	$17749	$16375	$18376	$17105	$11274	$ 9681
% DECR (PROPOSAL)	-6.8%	-6.0%	-9.1%	-6.9%	-3.3%	-9.8%	-24.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 3

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15462	619	29	4832	677	9308
% WITH NO CHANGE	5%	1%	0%	1%	13%	6%
% WITH INCREASES	84	74	14	90	25	86
GAIN 1-5%	4	3	0	2	2	5
GAIN 6-20%	23	17	14	18	13	26
GAIN 21+%	57	53	0	71	9	55
% WITH DECREASES	11	25	86	8	62	7
LOSE 1-5%	3	2	0	2	5	3
LOSE 6-20%	5	9	0	4	21	4
LOSE 21-99%	3	12	86	2	36	1
LOSE 100%	0	1	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 6126	$ 5005	$ 7328	$ 5425	$ 9728	$ 6297
% DIFF (PROPOSAL)	22.8%	20.0%	-39.7%	30.3%	-13.3%	23.8%
GAINERS						
PRES LAW BEN.	$ 5929	$ 5137	$ 4573	$ 5417	$ 7872	$ 6213
% INCR (PROPOSAL)	36.6%	34.2%	11.0%	34.8%	18.8%	28.7%
LOSERS						
PRES LAW BEN.	$ 7217	$ 4694	$ 7787	$ 5481	$10407	$ 6838
% DECR (PROPOSAL)	-17.2%	-25.4%	-44.7%	-13.7%	-25.7%	-8.4%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 4

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15889	274	4	29	21	15549
% WITH NO CHANGE	12%	0%	0%	0%	20%	12%
% WITH INCREASES	13	80	100	71	20	12
GAIN 1-5%	4	2	100	14	0	4
GAIN 6-20%	6	5	0	29	20	6
GAIN 21+%	3	74	0	29	0	2
% WITH DECREASES	76	20	0	29	60	77
LOSE 1-5%	10	0	0	0	20	10
LOSE 6-20%	54	5	0	14	20	55
LOSE 21-99%	11	8	0	14	20	11
LOSE 100%	0	8	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN. % DIFF (PROPOSAL)	$10784 -9.2%	$ 2653 55.6%	$ 5167 4.0%	$ 5001 8.0%	$ 6173 -10.8%	$10953 -9.5%
GAINERS						
PRES LAW BEN. % INCR (PROPOSAL)	$ 7247 13.3%	$ 2702 81.2%	$ 5167 4.0%	$ 4789 20.5%	$ 4737 12.6%	$ 7869 10.2%
LOSERS						
PRES LAW BEN. % DECR (PROPOSAL)	$11434 -12.9%	$ 2453 -59.4%	$ 0 0.0%	$ 5530 -19.1%	$ 7265 -18.0%	$11486 -12.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 5

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	24850	9515	137	212	943	3644	4582	15337	1030	12841	1467
% WITH NO CHANGE	11%	11%	3%	2%	4%	10%	14%	11%	11%	9%	25%
% WITH INCREASES	38	54	55	6	74	19	81	27	8	24	74
GAIN 1-5%	6	7	0	2	3	4	11	5	2	4	10
GAIN 6-20%	17	23	12	2	26	9	35	13	3	12	30
GAIN 21+%	15	24	42	2	45	6	35	10	3	8	33
% WITH DECREASES	51	34	42	92	22	70	5	62	81	67	1
LOSE 1-5%	4	4	3	0	5	5	3	4	3	5	1
LOSE 6-20%	18	11	12	8	11	22	2	22	21	24	1
LOSE 21-99%	29	19	15	76	7	44	0	36	56	38	0
LOSE 100%	0	0	12	8	0	0	0	0	1	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 8664	$ 7649	$ 4682	$ 8515	$ 5730	$ 9380	$ 6712	$ 9293	$ 8920	$ 9604	$ 6827
% DIFF (PROPOSAL)	-9.2%	-2.7%	-9.5%	-41.8%	15.1%	-18.6%	14.3%	-12.6%	-26.3%	-13.9%	15.9%
GAINERS											
PRES LAW BEN.	$ 7310	$ 6534	$ 3990	$ 6688	$ 5573	$ 7925	$ 6506	$ 8266	$ 8736	$ 8655	$ 7139
% INCR (PROPOSAL)	18.5%	19.2%	28.9%	22.3%	26.2%	16.6%	18.6%	17.7%	17.1%	16.9%	20.6%
LOSERS											
PRES LAW BEN.	$ 9942	$ 9436	$ 5510	$ 8584	$ 6315	$ 9940	$ 8397	$10116	$ 9278	$10203	$ 7316
% DECR (PROPOSAL)	-25.7%	-27.6%	-45.9%	-46.1%	-15.4%	-28.5%	-4.9%	-25.1%	-32.7%	-24.5%	-6.7%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 6

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	19435	15516	179	490	4080	10769	3922	66	145	1030	2680
% WITH NO CHANGE	14%	11%	2%	8%	4%	14%	25%	6%	17%	15%	31%
% WITH INCREASES	35	27	26	75	47	18	64	38	69	71	62
GAIN 1-5%	9	5	0	4	7	4	26	6	26	22	29
GAIN 6-20%	16	13	9	32	21	9	28	6	14	32	28
GAIN 21+%	10	10	16	38	19	5	10	25	29	17	6
% WITH DECREASES	51	62	72	18	49	69	10	56	14	15	7
LOSE 1-5%	4	4	0	2	5	4	3	0	3	5	3
LOSE 6-20%	18	22	5	11	23	22	5	6	11	8	4
LOSE 21-99%	28	35	0	3	21	43	1	0	0	2	1
LOSE 100%	1	1	67	2	0	0	1	50	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 9392	$ 9285	$ 8533	$ 8485	$10067	$ 9035	$ 9810	$ 6644	$ 9814	$10504	$ 9623
% DIFF (PROPOSAL)	-9.3%	-12.9%	-48.6%	14.8%	-3.5%	-17.5%	4.3%	-29.0%	7.6%	6.2%	3.8%
GAINERS											
PRES LAW BEN.	$ 8765	$ 8288	$10288	$ 8278	$ 8825	$ 7717	$ 9570	$ 7757	$ 8717	$10076	$ 9427
% INCR (PROPOSAL)	14.3%	18.1%	41.8%	25.0%	18.9%	15.0%	8.8%	23.8%	14.6%	11.0%	7.3%
LOSERS											
PRES LAW BEN.	$10067	$10086	$ 7847	$ 9401	$11361	$ 9787	$ 9632	$ 5323	$10839	$10252	$ 9858
% DECR (PROPOSAL)	-25.4%	-25.9%	-92.8%	-17.3%	-20.4%	-26.7%	-13.4%	-87.5%	-9.2%	-9.5%	-9.3%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 7

EFFECT OF EARNINGS SHARING ON
DISABLED WORKERS AND RETIRED WORKERS
(BENEFIT IS ALL BENEFITS FOR PERSONS RECEIVING WORKER BENEFITS)

	DISABLED WORKERS					RETIRED WORKERS				
		MARRIED		PREV-MARRIED			MARRIED		PREV-MARRIED	
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5255	1462	1433	769	656	67630	15875	14444	9287	23210
% WITH NO CHANGE	30%	46%	5%	8%	4%	17%	11%	5%	18%	11%
% WITH INCREASES	45	13	91	26	83	41	12	85	40	39
GAIN 1-5%	5	5	5	9	5	7	4	4	17	6
GAIN 6-20%	13	8	17	12	28	15	6	23	17	17
GAIN 21+%	26	1	69	5	49	19	2	58	5	15
% WITH DECREASES	26	41	4	66	13	42	77	10	42	50
LOSE 1-5%	6	9	2	12	8	6	10	3	12	4
LOSE 6-20%	15	25	2	39	5	23	56	5	28	18
LOSE 21-99%	5	8	0	15	0	13	11	3	2	28
LOSE 100%	0	0	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$10480	$12893	$ 7879	$11909	$ 8935	$ 8652	$10854	$ 6117	$ 9809	$ 8669
% DIFF (PROPOSAL)	7.4%	-4.6%	38.1%	-7.0%	23.0%	-2.2%	-9.5%	22.8%	-1.1%	-8.6%
GAINERS										
PRES LAW BEN.	$ 8227	$ 9431	$ 7666	$ 9550	$ 8636	$ 6891	$ 7750	$ 5902	$ 9026	$ 7283
% INCR (PROPOSAL)	32.3%	9.4%	43.5%	11.7%	29.7%	20.3%	10.3%	30.3%	8.1%	18.1%
LOSERS										
PRES LAW BEN.	$13011	$13662	$10582	$12814	$10668	$10504	$11409	$ 7410	$10425	$10025
% DECR (PROPOSAL)	-12.2%	-12.5%	-7.3%	-13.2%	-5.3%	-17.2%	-12.8%	-16.3%	-9.3%	-25.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 8

PERSONS WHO BECOME BENEFICIARIES DUE TO EARNINGS SHARING, BY BENEFICIARY TYPE *

	WORKERS					CHILDREN			PERSONS RECEIVING CHILD-IN-CARE OR ADJUSTMENT BENEFITS	
		DISABLED		RETIRED						
	TOTAL	MEN	WOMEN	MEN	WOMEN	TOTAL	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS	MEN	WOMEN
TOTAL NUMBER (IN 000'S)	740	116	391	79	154	266	37	229	83	291
% DISTRIBUTION BY MARITAL STATUS										
MARRIED	88%	86%	95%	53%	89%	0%	0%	0%	20%	6%
WIDOWED	1	0	0	5	0	0	0	0	65	77
DIVORCED	12	14	5	42	11	0	0	0	15	17
NEVER MARRIED	0	0	0	0	0	100	100	100	0	0

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE 9

EFFECT OF EARNINGS SHARING ON
COUPLES AND PREVIOUSLY MARRIED INDIVIDUALS, BY CURRENT LAW BENEFIT LEVEL
(COUPLES WITH EITHER SPOUSE AGE 62 OR OVER AND INDIVIDUALS AT LEAST 62)

		CURRENT LAW BENEFIT LEVEL			
	TOTAL	FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NO. OF PRES. LAW RECIPIENTS (000'S)	13414	3365	3353	3378	3324
AVG. PRES LAW BEN (1984 $)	$16921	$11425	$15400	$18313	$22579
% WHO WOULD GAIN	49%	64%	44%	41%	46%
% WHO WOULD LOSE	35%	21%	38%	43%	39%
% DIFF IN AVG BEN	1.1%	6.2%	0.8%	0.1%	-0.3%
WIDOWED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	15337	3860	3764	3914	3806
AVG. PRES LAW BEN (1984 $)	$ 9293	$ 5734	$ 8149	$10060	$13233
% WHO WOULD GAIN	27%	41%	31%	21%	16%
% WHO WOULD LOSE	62%	36%	59%	70%	82%
% DIFF IN AVG BEN	-12.6%	0.0%	-7.8%	-12.9%	-20.7%
WIDOWED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	3856	951	976	968	960
AVG. PRES LAW BEN (1984 $)	$ 9865	$ 5868	$ 8571	$10655	$14350
% WHO WOULD GAIN	65%	71%	66%	66%	57%
% WHO WOULD LOSE	9%	8%	9%	11%	10%
% DIFF IN AVG BEN	4.6%	10.7%	6.0%	3.7%	2.1%
DIVORCED WOMEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	9515	2443	2347	2356	2372
AVG. PRES LAW BEN (1984 $)	$ 7648	$ 4595	$ 6373	$ 8183	$11519
% WHO WOULD GAIN	54%	81%	68%	45%	23%
% WHO WOULD LOSE	34%	10%	20%	43%	66%
% DIFF IN AVG BEN	-2.7%	21.0%	8.8%	-3.2%	-18.5%
DIVORCED MEN					
NO. OF PRES. LAW RECIPIENTS (000'S)	5853	1458	1467	1446	1483
AVG. PRES LAW BEN (1984 $)	$ 9740	$ 5628	$ 8496	$10734	$14042
% WHO WOULD GAIN	23%	47%	23%	14%	9%
% WHO WOULD LOSE	64%	40%	63%	76%	79%
% DIFF IN AVG BEN	-5.1%	1.1%	-6.4%	-7.0%	-6.7%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A1

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	27935	43793	15889	15462	9706	24850	2343	3486
% WITH NO CHANGE	20%	14%	12%	5%	18%	11%	90%	79%
% WITH INCREASES	22	53	13	84	40	38	10	21
GAIN 1-5%	8	5	4	4	17	6	2	6
GAIN 6-20%	10	18	6	23	17	17	5	12
GAIN 21+%	4	29	3	57	5	15	2	3
% WITH DECREASES	58	33	76	11	43	51	0	0
LOSE 1-5%	10	3	10	3	12	4	0	0
LOSE 6-20%	40	12	54	5	28	18	0	0
LOSE 21-99%	7	18	11	3	3	29	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10234	$ 7625	$10784	$ 6126	$ 9792	$ 8664	$ 8345	$ 6932
% DIFF (PROPOSAL)	-5.8%	0.6%	-9.2%	22.8%	-1.2%	-9.2%	0.9%	2.1%
GAINERS								
PRES LAW BEN.	$ 8257	$ 6496	$ 7247	$ 5929	$ 8938	$ 7310	$ 5955	$ 6116
% INCR (PROPOSAL)	10.1%	24.5%	13.3%	30.6%	8.7%	18.5%	12.9%	11.4%
LOSERS								
PRES LAW BEN.	$11182	$ 9623	$11434	$ 7217	$10450	$ 9942	$ 0	$ 0
% DECR (PROPOSAL)	-12.1%	-25.0%	-12.9%	-17.2%	-9.6%	-25.7%	0.0%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A3

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY PRIOR MARITAL HISTORY
(WIDOWS AND WIDOWERS AGE 62 OR OLDER)

	WIDOWS				WIDOWERS			
			MARRIED 2 OR MORE TIMES				MARRIED 2 OR MORE TIMES	
	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE	TOTAL	MARRIED ONCE	ALL PRIOR SPOUSES DEAD	ANY PRIOR SPOUSE ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	15337	10400	2202	2734	3856	2431	386	1039
% WITH NO CHANGE	11%	12%	11%	6%	26%	26%	40%	21%
% WITH INCREASES	27	28	22	31	65	73	56	50
GAIN 1-5%	5	5	4	5	27	30	28	18
GAIN 6-20%	13	13	11	15	29	31	22	25
GAIN 21+%	10	10	7	10	9	11	6	7
% WITH DECREASES	62	60	67	63	9	2	4	30
LOSE 1-5%	4	4	5	5	3	1	2	10
LOSE 6-20%	22	23	17	22	5	1	1	16
LOSE 21-99%	36	34	44	37	1	0	1	4
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 9293	$ 9099	$ 9740	$ 9662	$ 9865	$ 9890	$ 9764	$ 9846
% DIFF (PROPOSAL)	-12.6%	-11.2%	-17.3%	-13.6%	4.6%	6.0%	4.0%	1.6%
GAINERS								
PRES LAW BEN.	$ 8266	$ 8264	$ 8348	$ 8228	$ 9588	$ 9643	$ 9999	$ 9228
% INCR (PROPOSAL)	17.7%	18.3%	16.5%	16.5%	8.7%	8.6%	7.7%	9.6%
LOSERS								
PRES LAW BEN.	$10116	$ 9925	$10511	$10476	$10077	$ 6923	$11536	$10382
% DECR (PROPOSAL)	-25.1%	-24.1%	-28.5%	-26.1%	-9.4%	-11.8%	-9.4%	-9.2%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A4

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN AND MEN, BY PRIOR MARITAL HISTORY
(DIVORCED PERSONS AGE 62 OR OLDER)

	DIVORCED WOMEN					DIVORCED MEN				
		MARRIED ONCE		MARRIED 2 OR MORE TIMES			MARRIFD ONCE		MARRIED 2 OR MORE TIMES	
	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE	TOTAL	EX DEAD	EX ALIVE	ANY EX DEAD	ALL EX'S ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9515	1010	1159	5712	1637	5853	258	1113	2065	2418
% WITH NO CHANGE	11%	14%	17%	11%	5%	13%	35%	15%	18%	5%
% WITH INCREASES	54	32	70	47	83	23	55	15	39	10
GAIN 1-5%	7	5	9	7	6	11	23	5	20	4
GAIN 6-20%	23	16	28	20	35	10	21	5	16	5
GAIN 21+%	24	11	33	20	41	3	11	4	3	1
% WITH DECREASES	34	54	13	42	12	64	10	71	43	85
LOSE 1-5%	4	4	6	3	5	17	2	16	20	18
LOSE 6-20%	11	19	5	13	4	43	5	49	21	62
LOSE 21-99%	19	31	0	26	3	4	3	6	1	5
LOSE 100%	0	0	1	0	1	0	0	0	0	1
AVERAGE BENEFIT (1984 $)										
ALL RECIPIENTS										
PRES LAW BEN.	$ 7649	$ 8361	$ 6485	$ 8108	$ 6423	$ 9740	$ 8641	$ 9247	$ 9798	$10033
% DIFF (PROPOSAL)	-2.7%	-11.2%	11.8%	-7.6%	15.0%	-5.1%	3.6%	-7.1%	-0.9%	-8.6%
GAINERS										
PRES LAW BEN.	$ 6534	$ 7172	$ 6175	$ 6705	$ 6261	$ 7730	$ 8498	$ 5523	$ 8585	$ 5920
% INCR (PROPOSAL)	19.2%	17.3%	20.1%	18.6%	20.6%	8.6%	10.5%	14.0%	7.0%	11.3%
LOSERS										
PRES LAW BEN.	$ 9436	$ 9306	$ 7674	$ 9763	$ 7232	$10486	$ 7172	$10277	$10587	$10562
% DECR (PROPOSAL)	-27.6%	-26.7%	-10.5%	-29.6%	-12.1%	-9.7%	-26.6%	-10.6%	-7.1%	-10.3%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A5

EFFECT OF EARNINGS SHARING ON
AGED MARRIED COUPLES, BY PRIOR MARITAL HISTORY
(EITHER SPOUSE AGE 62 OR OLDER AND BOTH RECEIVING BENEFITS)

			ONLY HUSBAND MARRIED MORE THAN ONCE		ONLY WIFE MARRIED MORE THAN ONCE		BOTH MARRIED MORE THAN ONCE	
	TOTAL	BOTH MARRIED ONCE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE	ANY DEAD	ALL ALIVE
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	13414	7128	229	582	494	399	3228	1359
% WITH NO CHANGE	16%	18%	18%	20%	13%	16%	13%	13%
% WITH INCREASES	49	46	64	51	41	44	55	48
GAIN 1-5%	23	24	33	22	22	22	19	25
GAIN 6-20%	22	19	29	24	18	15	29	21
GAIN 21+%	4	3	2	5	1	7	8	2
% WITH DECREASES	35	36	18	29	45	41	32	39
LOSE 1-5%	20	22	11	19	14	22	15	24
LOSE 6-20%	14	14	7	10	26	18	13	15
LOSE 21-99%	1	0	0	0	5	1	4	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$16921	$16778	$15693	$16401	$16963	$17364	$17250	$17127
% DIFF (PROPOSAL)	1.1%	0.9%	2.8%	2.8%	-2.8%	0.2%	2.1%	0.8%
GAINERS								
PRES LAW BEN.	$16326	$16453	$15319	$16367	$15355	$16481	$16324	$16171
% INCR (PROPOSAL)	7.2%	6.2%	5.9%	8.1%	6.5%	7.0%	9.4%	6.2%
LOSERS								
PRES LAW BEN.	$17749	$17380	$17431	$15707	$18573	$18029	$18629	$18096
% DECR (PROPOSAL)	-6.0%	-5.1%	-4.1%	-4.6%	-10.6%	-6.4%	-8.2%	-4.9%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2030

TABLE A7

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	9607	2842	46	370	1541	885	6767	46	270	2239	4213
% WITH NO CHANGE	11%	10%	9%	2%	4%	23%	12%	0%	2%	6%	15%
% WITH INCREASES	55	77	73	81	85	62	45	45	83	62	33
GAIN 1-5%	7	7	9	4	7	8	7	9	9	7	7
GAIN 6-20%	23	32	27	28	35	29	20	9	31	27	15
GAIN 21+%	24	38	36	48	43	25	18	27	43	28	11
% WITH DECREASES	34	13	18	17	10	15	44	55	15	32	51
LOSE 1-5%	4	6	9	9	6	4	3	0	3	4	3
LOSE 6-20%	11	5	9	8	3	6	13	0	8	12	15
LOSE 21-99%	19	2	0	0	1	3	27	0	5	16	34
LOSE 100%	1	1	0	0	0	2	1	55	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 7647	$ 6473	$ 7969	$ 7169	$ 6642	$ 5810	$ 8139	$ 7083	$ 7275	$ 8229	$ 8157
% DIFF (PROPOSAL)	-2.8%	13.7%	16.5%	17.2%	16.1%	6.9%	-8.3%	-30.9%	14.7%	1.2%	-14.4%
GAINERS											
PRES LAW BEN.	$ 6548	$ 6249	$ 7535	$ 6756	$ 6380	$ 5584	$ 6767	$ 8803	$ 6802	$ 7141	$ 6368
% INCR (PROPOSAL)	19.3%	20.5%	25.8%	24.1%	20.7%	17.2%	18.5%	26.6%	23.3%	20.3%	15.5%
LOSERS											
PRES LAW BEN.	$ 9406	$ 7439	$ 8163	$ 8949	$ 7926	$ 6064	$ 9645	$ 5900	$ 9154	$10209	$ 9513
% DECR (PROPOSAL)	-27.9%	-11.3%	-6.3%	-5.3%	-7.1%	-22.7%	-29.4%	-100.0%	-17.6%	-24.7%	-30.8%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A12

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS AND COUPLES
(INDIVIDUALS AT LEAST 62 AND COUPLES WITH EITHER SPOUSE AT LEAST 62)

	MARRIED COUPLES BY NO. OF BENEFICIARIES				WIDOWED		DIVORCED	
	TOTAL	BOTH	HUSB ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	2047	2018	2643	11801	2992	5791
% WITH NO CHANGE	42%	39%	67%	28%	78%	71%	55%	53%
% WITH INCREASES	33	32	8	65	20	5	10	29
GAIN 1-5%	14	19	3	5	11	1	6	5
GAIN 6-20%	11	12	3	20	7	2	3	13
GAIN 21+%	8	2	3	40	2	2	1	11
% WITH DECREASES	25	29	24	7	2	24	35	18
LOSE 1-5%	11	13	12	2	1	1	20	2
LOSE 6-20%	13	15	13	3	0	10	14	8
LOSE 21-99%	1	1	0	2	0	12	0	7
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$10638	$12544	$ 8172	$ 4765	$ 7331	$ 6555	$ 7396	$ 5455
% DIFF (PROPOSAL)	0.8%	-0.4%	-0.0%	15.9%	1.3%	-6.0%	-1.6%	0.1%
GAINERS								
PRES LAW BEN.	$ 9858	$12614	$ 6487	$ 4419	$ 7722	$ 5360	$ 5846	$ 4661
% INCR (PROPOSAL)	9.2%	5.5%	21.4%	29.2%	6.6%	16.3%	6.7%	18.6%
LOSERS								
PRES LAW BEN.	$12223	$13217	$ 8607	$ 6816	$ 8280	$ 7838	$ 8543	$ 6384
% DECR (PROPOSAL)	-7.1%	-7.0%	-5.7%	-17.6%	-9.1%	-23.3%	-5.2%	-21.2%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A13

EFFECT OF EARNINGS SHARING ON
AGED INDIVIDUALS, BY SEX AND MARITAL STATUS
(INDIVIDUALS AT LEAST 62)

	TOTAL		MARRIED		PREV. MARRIED		NEVER MARRIED	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17214	29137	10828	10555	5635	17590	753	993
% WITH NO CHANGE	54%	52%	45%	27%	66%	65%	97%	92%
% WITH INCREASES	9	27	7	53	15	13	3	8
GAIN 1-5%	5	4	3	8	8	2	1	2
GAIN 6-20%	3	13	3	24	5	6	2	5
GAIN 21+%	1	10	1	21	1	5	0	0
% WITH DECREASES	37	20	49	19	19	22	1	0
LOSE 1-5%	19	3	24	4	11	2	1	0
LOSE 6-20%	17	9	24	8	8	9	0	0
LOSE 21-99%	0	9	1	6	0	11	0	0
LOSE 100%	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)								
ALL RECIPIENTS								
PRES LAW BEN.	$ 7789	$ 5577	$ 8091	$ 4534	$ 7365	$ 6193	$ 6609	$ 5750
% DIFF (PROPOSAL)	-1.8%	-0.9%	-2.7%	6.5%	-0.3%	-4.2%	0.1%	0.6%
GAINERS								
PRES LAW BEN.	$ 6398	$ 4622	$ 5676	$ 4529	$ 7042	$ 4844	$ 5600	$ 4960
% INCR (PROPOSAL)	7.9%	18.3%	9.7%	18.6%	6.6%	17.9%	5.9%	8.9%
LOSERS								
PRES LAW BEN.	$ 8881	$ 6480	$ 8954	$ 4647	$ 8533	$ 7449	$ 7248	$ 0
% DECR (PROPOSAL)	-5.7%	-21.5%	-5.8%	-17.3%	-5.4%	-22.8%	-3.3%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A15

EFFECT OF EARNINGS SHARING ON
AGED COUPLES, BY ENTITLEMENT STATUS
(EITHER SPOUSE AGE 62 OR OLDER)

		BOTH RECEIVE BENEFITS					
			WIFE ENTITLED AS				
	TOTAL	TOTAL	SPOUSE ONLY	DUAL WORKER	WORKER ONLY	ONLY HUSBAND BEN-IARY	ONLY WIFE BEN-IARY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	12926	8862	1129	3452	4281	2047	2018
% WITH NO CHANGE	42%	39%	40%	32%	45%	67%	28%
% WITH INCREASES	33	32	6	21	47	8	65
GAIN 1-5%	14	19	2	13	27	3	5
GAIN 6-20%	11	12	2	7	18	3	20
GAIN 21+%	8	2	1	1	2	3	40
% WITH DECREASES	25	29	54	48	7	24	7
LOSE 1-5%	11	13	7	22	7	12	2
LOSE 6-20%	13	15	40	25	1	13	3
LOSE 21-99%	1	1	7	0	0	0	2
LOSE 100%	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)							
ALL RECIPIENTS							
PRES LAW BEN.	$10638	$12544	$11510	$13250	$12245	$ 8172	$ 4765
% DIFF (PROPOSAL)	0.8%	-0.4%	-6.3%	-1.9%	2.4%	-0.0%	15.9%
GAINERS							
PRES LAW BEN.	$ 9858	$12614	$ 9391	$13345	$12457	$ 6487	$ 4419
% INCR (PROPOSAL)	9.2%	5.5%	9.8%	5.3%	5.5%	21.4%	29.2%
LOSERS							
PRES LAW BEN.	$12223	$13217	$12471	$13530	$13028	$ 8607	$ 6816
% DECR (PROPOSAL)	-7.1%	-7.0%	-11.6%	-6.2%	-2.8%	-5.7%	-17.6%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A16

EFFECT OF EARNINGS SHARING ON
AGED MARRIED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED WOMEN AGE 62 OR OLDER)

				WORKER BENEFICIARY		
	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10555	961	44	3136	465	5951
% WITH NO CHANGE	27%	38%	27%	23%	50%	26%
% WITH INCREASES	53	11	0	48	6	67
GAIN 1-5%	8	2	0	6	2	11
GAIN 6-20%	24	4	0	25	3	29
GAIN 21+%	21	5	0	17	2	26
% WITH DECREASES	19	51	73	28	44	7
LOSE 1-5%	4	3	0	6	3	4
LOSE 6-20%	8	17	9	14	21	3
LOSE 21-99%	6	30	64	8	21	0
LOSE 100%	0	2	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 4534	$ 3512	$ 7259	$ 4004	$ 7499	$ 4728
% DIFF (PROPOSAL)	6.5%	-14.0%	-24.9%	4.9%	-9.2%	11.9%
GAINERS						
PRES LAW BEN.	$ 4529	$ 3241	$ 0	$ 4184	$ 6299	$ 4684
% INCR (PROPOSAL)	18.6%	26.2%	0.0%	18.2%	11.0%	18.7%
LOSERS						
PRES LAW BEN.	$ 4647	$ 3780	$ 7251	$ 3952	$ 7843	$ 5371
% DECR (PROPOSAL)	-17.3%	-30.6%	-34.3%	-15.2%	-21.1%	-5.5%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A17

EFFECT OF EARNINGS SHARING ON
AGED MARRIED MEN BENEFICIARIES, BY ENTITLEMENT STATUS
(MARRIED MEN AGE 62 OR OLDER)

	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	10828	112	0	0	12	10699
% WITH NO CHANGE	45%	50%	0%	0%	33%	45%
% WITH INCREASES	7	46	0	0	0	6
GAIN 1-5%	3	0	0	0	0	3
GAIN 6-20%	3	7	0	0	0	3
GAIN 21+%	1	39	0	0	0	1
% WITH DECREASES	49	4	0	0	67	49
LOSE 1-5%	24	0	0	0	0	25
LOSE 6-20%	24	0	0	0	33	24
LOSE 21-99%	1	4	0	0	33	0
LOSE 100%	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)						
ALL RECIPIENTS						
PRES LAW BEN.	$ 8091	$ 1919	$ 0	$ 0	$ 5188	$ 8162
% DIFF (PROPOSAL)	-2.7%	34.0%	0.0%	0.0%	-28.7%	-2.8%
GAINERS						
PRES LAW BEN.	$ 5676	$ 1936	$ 0	$ 0	$ 0	$ 5996
% INCR (PROPOSAL)	9.7%	74.5%	0.0%	0.0%	0.0%	7.8%
LOSERS						
PRES LAW BEN.	$ 8954	$ 1490	$ 0	$ 0	$ 5628	$ 8965
% DECR (PROPOSAL)	-5.8%	-31.0%	0.0%	0.0%	-39.6%	-5.8%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A18

EFFECT OF EARNINGS SHARING ON
AGED WIDOWED AND DIVORCED WOMEN BENEFICIARIES, BY ENTITLEMENT STATUS
(DIVORCED OR WIDOWED WOMEN AGE 62 OR OLDER)

		DIVORCED WOMEN						WIDOWS			
					WORKER BENEFICIARY					WORKER BEN-IARY	
	TOTAL	TOTAL	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY	TOTAL	SURVIVOR BENEFITS ONLY	SURVIVOR DUAL	WORKER ONLY
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	17590	5791	160	252	545	1642	3192	11801	2095	7901	1806
% WITH NO CHANGE	65%	53%	40%	79%	24%	59%	54%	71%	85%	65%	82%
% WITH INCREASES	13	29	5	0	35	6	43	5	1	3	18
GAIN 1-5%	2	5	0	0	9	1	7	1	0	1	3
GAIN 6-20%	6	13	3	0	13	3	21	2	0	2	8
GAIN 21+%	5	11	3	0	13	3	15	2	1	1	6
% WITH DECREASES	22	18	55	21	42	35	3	24	14	32	0
LOSE 1-5%	2	2	3	5	6	1	2	1	0	2	0
LOSE 6-20%	9	8	23	6	24	14	1	10	5	14	0
LOSE 21-99%	11	7	18	10	13	19	0	12	8	16	0
LOSE 100%	0	0	13	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6193	$ 5455	$ 3110	$ 6817	$ 4199	$ 6998	$ 4887	$ 6555	$ 6517	$ 7029	$ 4525
% DIFF (PROPOSAL)	-4.2%	0.1%	-15.0%	-3.6%	-0.6%	-8.2%	7.3%	-6.0%	-4.8%	-7.7%	3.4%
GAINERS											
PRES LAW BEN.	$ 4844	$ 4661	$ 2512	$ 0	$ 4296	$ 4685	$ 4722	$ 5360	$ 3105	$ 5808	$ 5140
% INCR (PROPOSAL)	17.9%	18.6%	63.9%	0.0%	17.6%	25.6%	18.0%	16.3%	49.9%	14.3%	17.0%
LOSERS											
PRES LAW BEN.	$ 7449	$ 6384	$ 3284	$ 6345	$ 4431	$ 7794	$ 5545	$ 7838	$ 7908	$ 7837	$ 0
% DECR (PROPOSAL)	-22.8%	-21.2%	-30.2%	-18.6%	-15.5%	-24.0%	-5.7%	-23.3%	-30.2%	-22.5%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A19

EFFECT OF EARNINGS SHARING ON
AGED WIDOWS AND WIDOWERS, BY AGE
(WIDOWS AND WIDOWERS AGE 60 OR OLDER)

		WIDOWS					WIDOWERS				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	14727	12013	212	529	3020	8253	2715	72	116	713	1814
% WITH NO CHANGE	71%	70%	19%	20%	22%	92%	77%	17%	24%	44%	95%
% WITH INCREASES	8	5	23	23	12	1	20	33	69	51	5
GAIN 1-5%	3	1	0	3	3	0	11	11	34	30	2
GAIN 6-20%	4	3	21	12	6	1	7	6	31	17	2
GAIN 21+%	2	2	2	8	3	1	2	17	3	4	0
% WITH DECREASES	21	25	58	57	66	6	3	50	7	5	0
LOSE 1-5%	1	1	0	2	3	1	1	0	7	3	0
LOSE 6-20%	8	10	4	22	22	5	0	0	0	1	0
LOSE 21-99%	11	13	51	33	41	1	2	50	0	1	0
LOSE 100%	0	0	4	0	0	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 6685	$ 6550	$ 6261	$ 6988	$ 7345	$ 6238	$ 7281	$ 5432	$ 7267	$ 8241	$ 6978
% DIFF (PROPOSAL)	-5.1%	-6.6%	-42.1%	-12.2%	-17.5%	-0.6%	0.9%	-17.3%	4.5%	2.7%	0.4%
GAINERS											
PRES LAW BEN.	$ 6442	$ 5397	$ 5852	$ 6024	$ 5458	$ 4291	$ 7654	$ 6166	$ 6951	$ 7990	$ 7298
% INCR (PROPOSAL)	11.2%	15.9%	10.5%	15.6%	14.1%	27.3%	7.5%	31.5%	7.0%	6.4%	7.3%
LOSERS											
PRES LAW BEN.	$ 7727	$ 7766	$ 6133	$ 7511	$ 7955	$ 7583	$ 6279	$ 3834	$ 5928	$ 8803	$ 0
% DECR (PROPOSAL)	-25.2%	-25.1%	-77.2%	-24.9%	-26.1%	-11.3%	-29.5%	-83.4%	-3.9%	-9.9%	0.0%

MODIFIED GENERIC EARNINGS SHARING WITH TRANSITION II IN 2010

TABLE A23

EFFECT OF EARNINGS SHARING ON
AGED DIVORCED WOMEN, BY AGE
(DIVORCED WOMEN AGE 60 OR OLDER)

		ALL EX-SPOUSES ALIVE					ANY EX-SPOUSE DEAD				
	TOTAL	TOTAL	60-61	62-64	65-74	75+	TOTAL	60-61	62-64	65-74	75+
NO. WHO WOULD RECEIVE BENS. UNDER PRES LAW (000'S)	5935	2855	56	425	1318	1057	3080	88	236	1346	1410
% WITH NO CHANGE	53%	48%	36%	21%	29%	84%	57%	23%	25%	33%	87%
% WITH INCREASES	29	39	57	66	53	11	20	41	39	30	6
GAIN 1-5%	5	8	7	18	10	1	2	5	3	4	0
GAIN 6-20%	14	18	29	23	27	5	9	18	20	14	2
GAIN 21+%	11	13	21	25	16	5	9	18	15	12	4
% WITH DECREASES	18	12	7	13	18	5	23	36	36	37	7
LOSE 1-5%	2	2	7	4	3	1	2	0	3	3	2
LOSE 6-20%	7	6	0	5	9	4	9	0	10	12	6
LOSE 21-99%	8	3	0	3	5	1	12	36	22	21	0
LOSE 100%	0	1	0	2	1	0	0	0	0	0	0
AVERAGE BENEFIT (1984 $)											
ALL RECIPIENTS											
PRES LAW BEN.	$ 5473	$ 4668	$ 6301	$ 4891	$ 5034	$ 4037	$ 6220	$ 6121	$ 5978	$ 6337	$ 6155
% DIFF (PROPOSAL)	-0.2%	4.9%	9.5%	9.5%	5.1%	2.0%	-3.8%	-27.1%	-6.9%	-6.1%	0.4%
GAINERS											
PRES LAW BEN.	$ 4704	$ 4714	$ 6110	$ 4723	$ 4763	$ 3994	$ 4686	$ 5473	$ 4432	$ 4824	$ 3961
% INCR (PROPOSAL)	18.6%	17.3%	17.8%	16.8%	16.4%	24.9%	21.0%	20.5%	20.0%	20.0%	28.7%
LOSERS											
PRES LAW BEN.	$ 6422	$ 4532	$11663	$ 3796	$ 4609	$ 4428	$ 7368	$ 6995	$ 6918	$ 7400	$ 7693
% DECR (PROPOSAL)	-23.1%	-15.8%	-3.1%	-12.3%	-18.3%	-9.9%	-25.4%	-83.2%	-30.7%	-24.9%	-7.4%

APPENDIX J

MICROSIM

TECHNICAL DETAILS AND DISTRIBUTIONAL RESULTS

This appendix presents selected results from the earnings sharing simulations for 2010 and 2030 done by the Division of Economic Research in SSA's Office of Research, Statistics and International Policy. These estimates were generated using the MICROSIM Model and a Social Security benefit calculation model.

Both MICROSIM and DYNASIM are revised versions of the dynamic microsimulation model developed by the Urban Institute in the early 1970's. Both models allow detailed simulation of the distribution of future Social Security benefits under alternative benefit calculation proposals or under alternative economic and demographic assumptions. DYNASIM (the model used by the Office of the Assistant Secretary for Planning and Evaluation) has been discussed in Appendix I.

Although MICROSIM differs substantially from DYNASIM in the technical details of the computer implementation, the basic simulation strategy is the same:

- Using a dynamic microsimulation model, the starting population in both models (the March 1973 Exact Match file) is run year-by-year from 1973 to 2030 through a family-by-family and person-by-person simulation of births, deaths, marriages, divorces and labor force behavior.
- Using a benefit calculation model, the current law and earnings sharing benefits are calculated from the lifetime records generated by the simulation.
- A final reweighting step is used to bring the population aggregates on the final simulation file closer to those projected by SSA's Office of the Actuary. (DYNASIM reweights using a single scaling factor; MICROSIM uses a more complicated reweighting scheme.)

This introductory discussion will focus on some areas of possible difference between MICROSIM and DYNASIM.

Dynamic Microsimulation

In the MICROSIM program itself, the behavioral specifications for many of the simulation subroutines are similar to or identical to those in DYNASIM, not only because the two models are descended from the same original model, but also because several recent refinements have been incorporated into both models. Two subroutines of particular interest for the earnings sharing simulations are the divorce and the labor force subroutines.

In the divorce subroutine the probabilities of divorce are calculated in two stages. In the first, a couple's detailed characteristics are used to calculate a relative probability of divorce; these characteristics include such things as the age difference between husband and wife, the number of previous marriages for the wife, the age of the oldest child, wages earned by the husband and wife, and the wife's education. At this stage the MICROSIM divorce subroutine is almost identical to the DYNASIM subroutine. In the second stage the couples' relative probabilities are adjusted to control specified groups of couples to aggregate divorce rates. The Office of the Actuary (OACT) assumes that the divorce experience of the future will be the same as that of the recent past. The specification that OACT uses to translate this experience into divorce rates, however, is not suitable for implementation in the microsimulation framework, so that both MICROSIM and DYNASIM are forced to adopt other methods for specifying the divorce rates. Although the two specifications are not the same, the simulation results should be similar. 131/(There are other possible reasons for any differences that do occur; in particular, the two models do not have identical specifications for remarriage rates of divorced persons.)

In the labor force subroutines, both DYNASIM and MICROSIM use similar specifications to determine how the simulated wages or hours employed for each individual will vary over time around the average wages or hours predicted for similar individuals; the specifications for the female labor force in particular are almost identical and should give similar results.

The labor force simulation differs from the divorce simulation in that OACT provides year-by-year projections of several labor force aggregates that are suitable for controlling the progress of the simulation, forcing the simulation to follow closely on OACT's

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131/ The differences in the size of the tabulated divorced populations give a misleading impression of the differences between the two simulation models. Much of the difference is due to the final reweighting step; before the reweighting the two models were much closer.

projected path. OACT's demographic and economic variables that are controlled in this way by MICROSIM are the following:

- the labor force participation rate, by sex and age group;
- the aggregate unemployment rate;
- the growth in real wages;
- the growth in the consumer price index;
- the total fertility rate; and
- life expectancy at birth and life expectancy at age 65, by sex.

Although DYNASIM uses many of the same constraints, the details of the controlling procedures differ.

Benefit Calculation

Another area of potential difference between MICROSIM and DYNASIM is the Social Security benefit calculations. Both simulations seek to implement the rules for calculations as they are specified in the Social Security Act or in the proposals for earnings sharing plans, but the rules are complicated and there is some scope for arbitrariness at several points in the simulation calculations, usually having to do with whether and when a person will apply for benefits of a particular type.

Reweighting 132/

A further difference between MICROSIM and DYNASIM is the use of a more complicated reweighting scheme in MICROSIM. Each final simulation file (2010 and 2030) is reweighted to make it more consistent with the population projections for those years by the Office of the Actuary. Each DYNASIM file is reweighted by a single scaling factor that brings the projected total elderly population to the size projected by OACT. Each MICROSIM file is adjusted to meet more detailed projections by OACT, controlling the final simulation population by sex and marital status (married, widowed, divorced or never-married) for the age groups 20-59, 60-64, 65-74, and 75 and over. For tabulations within a specific sex and marital status group the reweighting usually does not have much effect on the relative distribution of benefits or benefit changes within the group, but it often does change the number of people in the group. Tabulations which combine sexes or marital status groups can be affected by the changes in the number of people in the component groups.

132/ The reweighting schemes described here are the ones used in preparing estimates for this report. For other applications, each model could employ a different reweighting scheme or not reweight at all.

The following tables provide information on the distributional effects of earnings sharing based on the MICROSIM model. The tables are organized as follows:

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DISTRIBUTIONAL EFFECTS UNDER NO-LOSER EARNINGS SHARING PLAN ---------------------------------- 567

Tables 1-9 (2030)
Tables A12 and A15 (2010)

Table 1.--Effect of Earnings Sharing on Aged Individuals and Couples
(Individuals at Least 62 and Couples With Either Spouse at Least 62)

Proposal: Generic Earnings Sharing With Transition I in 2030

	MARRIED COUPLES BY NUMBER OF BENEFICIARIES				WIDOWED		DIVORCED		NEVER MARRIED	
	TOTAL	BOTH	HUSBAND ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	24,526	17,455	4,511	2,560	3,534	14,931	1,924	5,986	3,243	3,118
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	24	26	17	25	36	66	25	50	100	100
PERCENT WITH INCREASES	34	33	15	73	61	26	19	44	-	-
GAIN 1-5%...........	14	17	8	8	27	5	10	9	-	-
GAIN 6-20%..........	11	13	5	11	26	13	7	22	-	-
GAIN 21+%..........	8	3	2	54	8	8	2	13	-	-
PERCENT WITH DECREASES	42	42	68	3	3	8	56	6	-	-
LOSE 1-5%...........	18	23	11	0	1	1	18	2	-	-
LOSE 6-20%..........	19	17	38	2	1	3	34	2	-	-
LOSE 21-99%.........	5	2	19	-	1	3	4	2	-	-
LOSE 100%...........	-	-	-	-	0	0	-	0	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$13415	$15376	$9867	$6292	$9341	$8613	$9087	$7510	$8827	$7108
% DIFF (PROPOSAL)...	.2%	-.3%	-9.1%	34.0%	5.2%	2.2%	-4.5%	4.7%	.0%	.3%
GAINERS										
PRESENT LAW BENEFIT.	$13100	$15975	$8298	$6020	$9397	$8577	$7830	$6868	-	-
% DIFF (PROPOSAL)...	12.0%	7.3%	14.5%	49.5%	9.2%	15.7%	6.6%	15.6%	-	-
LOSERS										
PRESENT LAW BENEFIT.	$14058	$15631	$10455	$7868	$9845	$9619	$9595	$9504	-	-
% DIFF (PROPOSAL)...	-8.4%	-6.5%	-15.1%	-11.6%	-14.1%	-22.4%	-9.4%	-21.0%	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 2.--Effect of Earnings Sharing on Aged Couples, by Entitlement Status
(Either Spouse Age 62 or Older)

Proposal: Generic Earnings Sharing With Transition I in 2030

	Total	BOTH RECEIVE BENEFITS				ONLY HUSBAND BENEFICIARY	ONLY WIFE BENEFICIARY
		Total	WIFE ENTITLED AS				
			SPOUSE ONLY	DUAL WORKER	WORKER ONLY		
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	24,526	17,455	1,255	6,884	9,316	4,511	2,560
TOTAL..................	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	24	26	13	11	38	17	25
PERCENT WITH INCREASES	34	33	11	37	33	15	73
GAIN 1-5%...........	14	17	3	18	18	8	8
GAIN 6-20%..........	11	13	7	16	12	5	11
GAIN 21+%..........	8	3	1	2	3	2	54
PERCENT WITH DECREASES	42	42	76	52	29	68	3
LOSE 1-5%...........	18	23	7	20	27	11	0
LOSE 6-20%..........	19	17	44	32	2	38	2
LOSE 21-99%.........	5	2	25	0	0	19	-
LOSE 100%...........	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)							
ALL RECIPIENTS							
PRESENT LAW BENEFIT.	$13415	$15376	$13618	$16266	$14956	$9867	$6292
% DIFF (PROPOSAL)...	.2%	-.3%	-12.7%	-1.0%	1.7%	-9.1%	34.0%
GAINERS							
PRESENT LAW BENEFIT.	$13100	$15975	$13241	$16364	$15773	$8298	$6020
% DIFF (PROPOSAL)...	12.0%	7.3%	7.5%	7.0%	7.5%	14.5%	49.5%
LOSERS							
PRESENT LAW BENEFIT.	$14058	$15631	$13921	$16027	$15707	$10455	$7868
% DIFF (PROPOSAL)...	-8.4%	-6.5%	-17.3%	-7.0%	-2.5%	-15.1%	-11.6%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 3.--Effect of Earnings Sharing on Aged Married Women Beneficiaries, by Entitlement Status
(Married Women Age 62 or Older)

Proposal: Generic Earnings Sharing With Transition I in 2030

	Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	19,254	928	70	6,700	544	11,013
TOTAL..................	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	10	11	97	1	71	11
PERCENT WITH INCREASES	80	50	3	89	24	80
GAIN 1-5%...........	6	7	3	3	4	7
GAIN 6-20%..........	20	12	-	13	20	25
GAIN 21+%..........	54	31	-	72	-	48
PERCENT WITH DECREASES	11	39	-	10	5	9
LOSE 1-5%...........	4	8	-	3	-	4
LOSE-6-20%..........	6	18	-	6	4	5
LOSE 21-99%.........	1	12	-	1	1	-
LOSE 100%...........	0	0	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)						
ALL RECIPIENTS						
PRESENT LAW BENEFIT.	$5668	$4262	$6648	$5076	$8723	$5989
% DIFF (PROPOSAL)...	22.8%	9.5%	.1%	32.1%	3.1%	20.4%
GAINERS						
PRESENT LAW BENEFIT.	$5374	$4052	$3908	$4955	$10213	$5654
% DIFF (PROPOSAL)...	31.8%	35.2%	4.3%	38.7%	13.8%	28.0%
LOSERS						
PRESENT LAW BENEFIT.	$6748	$4707	-	$6214	$8837	$7810
% DIFF (PROPOSAL)...	-9.7%	-16.7%	-	-10.8%	-16.0%	-7.3%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 4.--Effect of Earnings Sharing on Aged Married Men Beneficiaries, by Entitlement Status
(Married Men Age 62 or Older)

Proposal: Generic Earnings Sharing With Transition I in 2030

	Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	21,881	-	-	-	71	21,809
TOTAL..................	100%	-	-	-	100%	100%
PERCENT WITH NO CHANGE	8	-	-	-	10	8
PERCENT WITH INCREASES	8	-	-	-	90	8
GAIN 1-5%..........	4	-	-	-	25	4
GAIN 6-20%..........	3	-	-	-	51	3
GAIN 21+%..........	1	-	-	-	14	1
PERCENT WITH DECREASES	84	-	-	-	-	84
LOSE 1-5%..........	9	-	-	-	-	9
LOSE 6-20%..........	57	-	-	-	-	57
LOSE 21-99%.........	18	-	-	-	-	18
LOSE 100%..........	0	-	-	-	-	0
AVERAGE BENEFIT (1984 DOLLARS)						
ALL RECIPIENTS						
PRESENT LAW BENEFIT.	$9802	-	-	-	$7321	$9810
% DIFF (PROPOSAL)...	-12.0%	-	-	-	9.7%	-12.1%
GAINERS						
PRESENT LAW BENEFIT.	$7612	-	-	-	$7249	$7625
% DIFF (PROPOSAL)...	8.4%	-	-	-	10.9%	8.3%
LOSERS						
PRESENT LAW BENEFIT.	$10149	-	-	-	-	$10149
% DIFF (PROPOSAL)...	-14.4%	-	-	-	-	-14.4%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 5.--Effect of Earnings Sharing on Aged Widowed and Divorced Women Beneficiaries, by Entitlement Status
(Divorced or Widowed Women Age 62 or Older)

Proposal: Generic Earnings Sharing With Transition I in 2030

	Total	DIVORCED WOMEN						WIDOWS			
		Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY			Total	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY	
					SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY			DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands)........	20,918	5,986	8	87	351	1,954	3,587	14,931	1,175	12,275	1,481
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	62	50	17	84	38	69	40	66	92	68	32
PERCENT WITH INCREASES	31	44	52	-	52	21	57	26	3	23	68
GAIN 1-5%............	6	9	-	-	5	2	14	5	-	5	6
GAIN 6-20%..........	16	22	24	-	19	14	28	13	1	12	37
GAIN 21+%..........	9	13	28	-	28	5	15	8	2	7	24
PERCENT WITH DECREASES	7	6	31	16	10	10	3	8	6	9	-
LOSE 1-5%...........	1	2	-	-	0	0	2	1	-	1	-
LOSE 6-20%..........	3	2	20	1	1	4	1	3	-	4	-
LOSE 21-99%.........	3	2	11	-	9	6	-	3	5	4	-
LOSE 100%...........	0	0	-	14	-	-	-	0	1	-	-
AVERAGE BENEFIT (1984 DOLLARS)											
ALL RECIPIENTS											
PRESENT LAW BENEFIT.	$8297	$7510	$3080	$7891	$6193	$9127	$6758	$8613	$7882	$8863	$7117
% DIFF (PROPOSAL)...	2.8%	4.7%	13.9%	-14.5%	11.2%	.1%	8.0%	2.2%	-2.7%	1.5%	13.3%
GAINERS											
PRESENT LAW BENEFIT.	$7887	$6868	$1983	-	$5579	$8629	$6644	$8577	$8962	$9085	$7118
% DIFF (PROPOSAL)...	15.7%	15.6%	78.3%	-	32.8%	14.6%	14.6%	15.7%	28.4%	14.5%	19.6%
LOSERS											
PRESENT LAW BENEFIT.	$9592	$9504	$4313	$7541	$8006	$10321	$8841	$9619	$10798	$9545	-
% DIFF (PROPOSAL)...	-22.0%	-21.0%	-29.0%	-96.4%	-30.8%	-23.2%	-4.6%	-22.4%	-45.1%	-20.7%	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 6.--Effect of Earnings Sharing on Aged Widows And Widowers, by Age
(Widows And Widowers Age 60 or Older)

Proposal: Generic Earnings Sharing With Transition I in 2030

	Total	WIDOWS					WIDOWERS				
		Total	60-61	62-64	65-74	75+	Total	60-61	62-64	65-74	75+
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	18,839	15,243	312	707	4,306	9,919	3,596	63	103	1,131	2,299
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	60	66	35	23	40	81	35	4	23	13	48
PERCENT WITH INCREASES	32	26	8	63	47	14	60	-	53	83	50
GAIN 1-5%...........	9	5	6	5	9	3	26	-	22	34	24
GAIN 6-20%..........	15	13	1	24	23	8	26	-	24	35	22
GAIN 21+%..........	8	8	1	34	15	3	7	-	7	15	4
PERCENT WITH DECREASES	8	9	57	15	13	5	5	96	24	4	2
LOSE 1-5%...........	1	1	-	0	3	0	2	28	20	1	1
LOSE 6-20%..........	3	3	5	9	6	1	1	-	2	1	0
LOSE 21-99%.........	3	3	1	4	4	3	1	-	-	1	2
LOSE 100%...........	1	1	52	2	-	-	1	68	2	-	-
AVERAGE BENEFIT (1984 DOLLARS)											
ALL RECIPIENTS											
PRESENT LAW BENEFIT.	$8734	$8599	$7948	$8642	$9555	$8201	$9308	$7433	$12323	$10437	$8669
% DIFF (PROPOSAL)...	1.9%	1.2%	-46.6%	9.0%	4.5%	.5%	4.6%	-38.4%	3.7%	8.6%	3.3%
GAINERS											
PRESENT LAW BENEFIT.	$8878	$8593	$11165	$9114	$9240	$7482	$9397	-	$10858	$10429	$8482
% DIFF (PROPOSAL)...	13.2%	15.6%	8.9%	19.8%	15.3%	14.9%	9.2%	-	11.4%	10.6%	7.8%
LOSERS											
PRESENT LAW BENEFIT.	$9307	$9346	$7583	$9616	$9869	$9328	$9025	$7376	$12102	$10444	$8445
% DIFF (PROPOSAL)...	-28.5%	-29.5%	-87.5%	-25.0%	-18.0%	-27.2%	-21.1%	-40.0%	-6.9%	-7.5%	-24.2%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 7.--Effect of Earnings Sharing on Disabled Workers And Retired Workers
(Benefit is All Benefits For Persons Receiving Worker Benefits)

Proposal: Generic Earnings Sharing With Transition I in 2030

	DISABLED WORKERS					RETIRED WORKERS				
	Total	MARRIED		PREVIOUSLY MARRIED		Total	MARRIED		PREVIOUSLY MARRIED	
		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	5,438	1,510	1,988	507	830	68,735	20,989	17,279	5,251	19,089
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	18	4	9	10	9	33	8	9	32	61
PERCENT WITH INCREASES	50	13	85	23	85	35	8	81	46	31
GAIN 1-5%...........	6	4	6	9	10	6	4	6	21	6
GAIN 6-20%..........	11	6	12	8	26	12	3	21	20	16
GAIN 21+%..........	33	2	66	7	49	17	1	55	5	9
PERCENT WITH DECREASES	33	84	7	67	6	32	84	9	22	7
LOSE 1-5%...........	4	3	3	23	1	5	9	3	7	1
LOSE 6-20%..........	18	48	3	38	4	21	57	5	12	3
LOSE 21-99%.........	10	33	0	6	1	6	18	0	2	3
LOSE 100%...........	0	-	0	-	-	0	0	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$10371	$13121	$7741	$13433	$9752	$8077	$9675	$5625	$9170	$8287
% DIFF (PROPOSAL)...	6.2%	-13.9%	34.1%	-5.1%	17.0%	.6%	-11.9%	23.1%	1.8%	2.7%
GAINERS										
PRESENT LAW BENEFIT.	$8363	$10565	$7469	$10853	$9491	$6437	$7459	$5292	$9137	$7751
% DIFF (PROPOSAL)...	31.6%	[illegible].8%	42.3%	12.7%	21.5%	21.5%	8.3%	31.6%	8.6%	15.0%
LOSERS										
PRESENT LAW BENEFIT.	$13330	$13590	$9740	$14111	$10790	$9745	$10013	$7110	$9565	$9515
% DIFF (PROPOSAL)...	-15.2%	-17.2%	-7.0%	-10.6%	-11.9%	-14.2%	-14.3%	-8.9%	-9.8%	-20.4%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 8.--Persons Who Become Beneficiaries Due to Earnings Sharing, by Beneficiary Type *

Proposal: Generic Earnings Sharing With Transition I in 2030

	WORKERS					CHILDREN		
	Total	DISABLED		RETIRED		Total	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
		MEN	WOMEN	MEN	WOMEN			
TOTAL NUMBER (in thousands).......	536	51	461	1	23	178	19	159
PERCENT DISTRIBUTION BY MARITAL STATUS								
TOTAL................	100%	100%	100%	100%	100%	100%	100%	100%
MARRIED..............	92	75	94	100	100	-	-	-
WIDOWED..............	-	-	-	-	-	-	-	-
DIVORCED.............	8	25	6	-	-	-	-	-
NEVER MARRIED........	-	-	-	-	-	100	100	100

- DATA NOT AVAILABLE

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE.

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 9.--Effect of Earnings Sharing on Couples And Previously Married Individuals, by Current Law Benefit Level
(Couples With Either Spouse Age 62 or Over And Individuals at Least 62)

Proposal: Generic Earnings Sharing With Transition I in 2030

	TOTAL	CURRENT LAW BENEFIT LEVEL			
		FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS)..........	17,456	4,320	4,500	4,242	4,394
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$15376	$10967	$14250	$16451	$19828
PERCENT WHO WOULD GAIN........................	33	24	25	41	41
PERCENT WHO WOULD LOSE........................	42	33	52	41	41
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	-.3%	.4%	-1.3%	-.6%	.2%
WIDOWED WOMEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS)..........	14,931	3,697	3,766	3,696	3,772
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$8613	$5546	$7660	$9355	$11042
PERCENT WHO WOULD GAIN........................	26	24	26	25	29
PERCENT WHO WOULD LOSE........................	8	3	7	8	12
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	2.2%	4.1%	2.8%	1.6%	1.2%
WIDOWED MEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS)..........	3,534	889	877	890	878
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$9541	$6879	$8391	$9959	$12970
PERCENT WHO WOULD GAIN........................	61	59	52	73	59
PERCENT WHO WOULD LOSE........................	3	3	5	1	5
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	5.2%	11.5%	2.6%	6.2%	3.2%
DIVORCED WOMEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS)..........	5,986	1,511	1,462	1,511	1,502
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$7510	$4311	$6339	$8107	$11139
PERCENT WHO WOULD GAIN........................	44	56	54	38	28
PERCENT WHO WOULD LOSE........................	6	1	2	9	11
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	6.7%	13.6%	7.7%	3.1%	.6%
DIVORCED MEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS)..........	1,924	479	495	480	478
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$9087	$6557	$7999	$9965	$12750
PERCENT WHO WOULD GAIN........................	19	32	18	19	8
PERCENT WHO WOULD LOSE........................	56	41	52	62	70
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	-4.5%	.6%	-4.2%	-4.8%	-6.6%

SOURCE: ESTIMATES BASED ON THE SSA/ORSIP/OER DYNAMIC MICROSIMULATION MODEL.

Table A12.–Effect of Earnings Sharing on Aged Individuals and Couples
(Individuals at Least 62 and Couples With Either Spouse at Least 62)

Proposal: Generic Earnings Sharing With Transition I in 2010

	MARRIED COUPLES BY NUMBER OF BENEFICIARIES				WIDOWED		DIVORCED		NEVER MARRIED	
	TOTAL	BOTH	HUSBAND ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	15,987	11,297	3,266	1,424	2,441	11,602	1,285	3,829	1,171	1,136
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	45	54	24	19	78	96	61	86	100	100
PERCENT WITH INCREASES	24	18	16	81	22	3	10	14	-	-
GAIN 1-5%...........	10	12	7	1	10	1	7	4	-	-
GAIN 6-20%..........	7	6	9	26	12	2	3	6	-	-
GAIN 21+%..........	6	0	0	54	0	-	0	3	-	-
PERCENT WITH DECREASES	32	28	60	0	0	1	29	1	-	-
LOSE 1-5%...........	18	19	21	0	-	-	18	0	-	-
LOSE 6-20%..........	13	7	38	-	0	0	11	0	-	-
LOSE 21-99%.........	1	1	1	-	-	0	-	0	-	-
LOSE 100%...........	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$10063	$11570	$7204	$4665	$6590	$6667	$7091	$5803	$6130	$5004
% DIFF (PROPOSAL)...	.6%	-.5%	-1.0%	29.2%	1.5%	.0%	-1.2%	1.2%	.0%	.0%
GAINERS										
PRESENT LAW BENEFIT.	$9104	$12420	$6260	$4370	$7336	$6212	$5748	$4656	-	-
% DIFF (PROPOSAL)...	11.8%	5.0%	24.4%	30.6%	4.3%	6.5%	4.4%	10.9%	-	-
LOSERS										
PRESENT LAW BENEFIT.	$10566	$12361	$7703	$7634	$6550	$8027	$7569	$5476	-	-
% DIFF (PROPOSAL)...	-5.7%	-5.2%	-7.0%	-3.6%	-10.0%	-23.8%	-4.8%	-5.1%	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/OTSIP/OER DYNAMIC MICROSIMULATION MODEL.

Table A15.--Effect of Earnings Sharing on Aged Couples, by Entitlement Status
(Either Spouse Age 62 or Older)

Proposal: Generic Earnings Sharing With Transition I in 2010

	Total	BOTH RECEIVE BENEFITS				ONLY HUSBAND BENEFICIARY	ONLY WIFE BENEFICIARY
		Total	WIFE ENTITLED AS				
			SPOUSE ONLY	DUAL WORKER	WORKER ONLY		
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	15,987	11,297	1,712	3,724	5,061	3,266	1,424
TOTAL....................	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	45	54	53	33	68	24	19
PERCENT WITH INCREASES	24	18	3	15	25	16	81
GAIN 1-5%...........	10	12	0	9	17	7	1
GAIN 6-20%..........	7	6	3	5	7	4	26
GAIN 21+%..........	6	0	0	0	0	6	54
PERCENT WITH DECREASES	32	28	44	52	7	60	0
LOSE 1-5%...........	18	19	22	37	7	21	0
LOSE 6-20%..........	13	7	16	15	0	38	-
LOSE 21-99%.........	1	1	6	-	0	1	-
LOSE 100%...........	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)							
ALL RECIPIENTS							
PRESENT LAW BENEFIT.	$10063	$11570	$10586	$12228	$11440	$7204	$4665
% DIFF (PROPOSAL)...	.6%	-.5%	-4.2%	-1.6%	1.2%	-1.0%	29.2%
GAINERS							
PRESENT LAW BENEFIT.	$9104	$12428	$8668	$13140	$12305	$6268	$4379
% DIFF (PROPOSAL)...	11.8%	5.0%	8.5%	4.3%	5.2%	24.4%	38.6%
LOSERS							
PRESENT LAW BENEFIT.	$10566	$12361	$11269	$12741	$12583	$7703	$7634
% DIFF (PROPOSAL)...	-5.7%	-5.2%	-9.3%	-4.3%	-3.0%	-7.0%	-3.4%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 1.--Effect of Earnings Sharing on Aged Individuals and Couples
(Individuals at Least 62 and Couples With Either Spouse at Least 62)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	MARRIED COUPLES BY NUMBER OF BENEFICIARIES				WIDOWED		DIVORCED		NEVER MARRIED	
	TOTAL	BOTH	HUSBAND ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands)........	24,826	17,455	4,811	2,560	3,834	14,931	1,924	5,986	3,243	3,118
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	30	22	62	32	35	65	25	46	95	82
PERCENT WITH INCREASES	41	45	17	64	61	27	21	49	5	18
GAIN 1-5%............	17	21	9	8	27	5	10	8	3	7
GAIN 6-20%...........	17	20	5	18	27	14	9	24	2	9
GAIN 21+%............	7	4	2	39	8	8	2	16	-	2
PERCENT WITH DECREASES	28	34	22	4	3	8	54	6	-	-
LOSE 1-5%............	15	19	9	1	1	1	16	1	-	-
LOSE 6-20%...........	12	14	8	2	1	3	33	2	-	-
LOSE 21-99%.........	1	1	5	-	1	3	4	2	-	-
LOSE 100%............	-	-	-	-	0	0	-	0	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$13415	$15376	$9067	$6292	$9341	$8613	$9087	$7510	$8827	$7108
% DIFF (PROPOSAL)...	2.4%	1.3%	-.2%	26.9%	5.2%	2.3%	-4.1%	5.9%	.2%	1.6%
GAINERS										
PRESENT LAW BENEFIT.	$13234	$15201	$8816	$5954	$9365	$8446	$7598	$6747	$6820	$6139
% DIFF (PROPOSAL)...	10.6%	7.7%	12.8%	44.8%	9.2%	15.7%	7.6%	17.0%	4.1%	10.2%
LOSERS										
PRESENT LAW BENEFIT.	$15024	$16125	$9220	$6968	$9896	$9703	$9761	$9728	-	-
% DIFF (PROPOSAL)...	-6.1%	-5.7%	-10.2%	-9.2%	-14.2%	-22.4%	-9.4%	-21.4%	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 2.--Effect of Earnings Sharing on Aged Couples, by Entitlement Status
(Either Spouse Age 62 or Older)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	Total	BOTH RECEIVE BENEFITS				ONLY HUSBAND BENEFICIARY	ONLY WIFE BENEFICIARY
		Total	WIFE ENTITLED AS				
			SPOUSE ONLY	DUAL WORKER	WORKER ONLY		
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	24,526	17,455	1,255	6,884	9,316	4,511	2,560
TOTAL...................	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	30	22	25	11	29	62	32
PERCENT WITH INCREASES	41	45	14	45	49	17	64
GAIN 1-5%...........	17	21	5	22	22	9	8
GAIN 6-20%..........	17	20	7	19	22	5	18
GAIN 21+%..........	7	4	3	4	5	2	39
PERCENT WITH DECREASES	28	34	60	44	22	22	4
LOSE 1-5%...........	15	19	12	17	22	9	1
LOSE 6-20%..........	12	14	39	27	1	8	2
LOSE 21-99%.........	1	1	10	0	-	5	-
LOSE 100%...........	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)							
ALL RECIPIENTS							
PRESENT LAW BENEFIT.	$13415	$15376	$13618	$16266	$14956	$9867	$6292
% DIFF (PROPOSAL)...	2.4%	1.3%	-6.1%	.1%	3.2%	-.2%	26.9%
GAINERS							
PRESENT LAW BENEFIT.	$13234	$15201	$13998	$16027	$14689	$8816	$5954
% DIFF (PROPOSAL)...	10.6%	7.7%	8.4%	7.3%	7.9%	12.8%	44.8%
LOSERS							
PRESENT LAW BENEFIT.	$15024	$16125	$14322	$16389	$16394	$9220	$6968
% DIFF (PROPOSAL)...	-6.1%	-5.7%	-11.6%	-6.9%	-2.3%	-10.2%	-9.2%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 3.--Effect of Earnings Sharing on Aged Married Women Beneficiaries, by Entitlement Status
(Married Women Age 62 or Older)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	19,254	928	70	6,700	544	11,013
TOTAL..................	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	10	8	97	1	71	12
PERCENT WITH INCREASES	81	54	-	90	24	81
GAIN 1-5%...........	4	3	-	2	4	6
GAIN 6-20%..........	19	10	-	10	20	24
GAIN 21+%..........	57	33	-	77	-	51
PERCENT WITH DECREASES	10	38	3	9	5	8
LOSE 1-5%...........	4	6	-	3	-	4
LOSE 6-20%..........	5	24	3	5	4	4
LOSE 21-99%.........	1	8	-	1	1	-
LOSE 100%...........	0	0	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)						
ALL RECIPIENTS						
PRESENT LAW BENEFIT.	$5668	$4262	$6648	$5076	$8723	$5909
% DIFF (PROPOSAL)...	24.3%	14.2%	-.1%	35.2%	3.1%	21.0%
GAINERS						
PRESENT LAW BENEFIT.	$5362	$4100	-	$4954	$10213	$5636
% DIFF (PROPOSAL)...	33.4%	41.1%	-	41.6%	13.8%	28.7%
LOSERS						
PRESENT LAW BENEFIT.	$6879	$4701	$3908	$6371	$8837	$8094
% DIFF (PROPOSAL)...	-9.7%	-16.7%	-5.6%	-10.5%	-16.0%	-7.2%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 4.--Effect of Earnings Sharing on Aged Married Men Beneficiaries, by Entitlement Status
(Married Men Age 62 or Older)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	21,881	-	-	-	71	21,809
TOTAL..................	100%	-	-	-	100%	100%
PERCENT WITH NO CHANGE	18	-	-	-	10	18
PERCENT WITH INCREASES	9	-	-	-	90	9
GAIN 1-5%...........	4	-	-	-	25	4
GAIN 6-20%..........	4	-	-	-	51	4
GAIN 21+%..........	1	-	-	-	14	1
PERCENT WITH DECREASES	73	-	-	-	-	73
LOSE 1-5%...........	8	-	-	-	-	8
LOSE 6-20%..........	51	-	-	-	-	51
LOSE 21-99%.........	14	-	-	-	-	14
LOSE 100%...........	0	-	-	-	-	0
AVERAGE BENEFIT (1984 DOLLARS)						
ALL RECIPIENTS						
PRESENT LAW BENEFIT.	$9802	-	-	-	$7321	$9810
% DIFF (PROPOSAL)...	-9.8%	-	-	-	9.7%	-9.8%
GAINERS						
PRESENT LAW BENEFIT.	$7672	-	-	-	$7249	$7686
% DIFF (PROPOSAL)...	8.2%	-	-	-	10.9%	8.1%
LOSERS						
PRESENT LAW BENEFIT.	$10075	-	-	-	-	$10075
% DIFF (PROPOSAL)...	-13.8%	-	-	-	-	-13.8%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 5.--Effect of Earnings Sharing on Aged Widowed and Divorced Women Beneficiaries, by Entitlement Status (Divorced or Widowed Women Age 62 or Older)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	Total	DIVORCED WOMEN						WIDOWS			
		Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY			Total	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY	
					SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY			DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	20,918	5,986	8	87	351	1,954	3,587	14,931	1,175	12,275	1,481
TOTAL..................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	60	46	17	84	34	68	34	65	92	67	32
PERCENT WITH INCREASES	33	49	52	-	55	22	64	27	3	25	68
GAIN 1-5%...........	6	8	-	-	2	2	13	5	-	6	5
GAIN 6-20%..........	17	24	24	-	19	14	31	14	1	12	39
GAIN 21+%..........	11	16	28	-	33	6	21	8	2	7	24
PERCENT WITH DECREASES	7	6	31	16	10	10	2	8	6	9	-
LOSE 1-5%...........	1	1	-	-	0	1	2	1	-	1	-
LOSE 6-20%..........	3	2	20	1	2	4	1	3	-	4	-
LOSE 21-99%.........	3	2	11	-	8	6	-	3	5	4	-
LOSE 100%...........	0	0	-	14	-	-	-	0	1	-	-
AVERAGE BENEFIT (1984 DOLLARS)											
ALL RECIPIENTS											
PRESENT LAW BENEFIT.	$8297	$7510	$3080	$7891	$6193	$9127	$6758	$8613	$7882	$8863	$7117
% DIFF (PROPOSAL)...	3.2%	5.9%	13.9%	-14.5%	13.1%	.3%	9.9%	2.3%	-2.7%	1.6%	13.7%
GAINERS											
PRESENT LAW BENEFIT.	$7733	$6747	$1983	-	$5564	$8467	$6536	$8446	$8962	$8887	$7109
% DIFF (PROPOSAL)...	16.2%	17.0%	78.3%	-	34.2%	14.8%	16.3%	15.7%	28.4%	14.4%	20.1%
LOSERS											
PRESENT LAW BENEFIT.	$9709	$9728	$4313	$7541	$8006	$10321	$9565	$9703	$10798	$9633	-
% DIFF (PROPOSAL)...	-22.1%	-21.4%	-29.0%	-96.4%	-29.5%	-22.9%	-4.9%	-22.4%	-45.1%	-20.7%	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 6.--Effect of Earnings Sharing on Aged Widows And Widowers, by Age
(Widows And Widowers Age 60 or Older)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	Total	WIDOWS					WIDOWERS				
		Total	60-61	62-64	65-74	75+	Total	60-61	62-64	65-74	75+
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	18,839	15,243	312	707	4,306	9,919	3,596	63	103	1,131	2,299
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	59	65	35	23	40	79	35	4	23	11	48
PERCENT WITH INCREASES	33	27	16	63	47	16	60	-	53	85	50
GAIN 1-5%...........	9	5	6	5	8	4	26	-	22	34	24
GAIN 6-20%..........	16	13	1	24	23	9	26	-	24	37	22
GAIN 21+%..........	8	8	9	34	16	3	7	-	7	15	4
PERCENT WITH DECREASES	8	8	49	15	13	5	5	96	24	3	2
LOSE 1-5%...........	1	1	-	0	3	0	2	28	20	1	1
LOSE 6-20%..........	3	3	5	9	6	1	1	-	2	1	0
LOSE 21-99%.........	3	3	6	4	4	3	1	-	-	1	2
LOSE 100%...........	1	1	39	2	-	-	1	68	2	-	-
AVERAGE BENEFIT (1984 DOLLARS)											
ALL RECIPIENTS											
PRESENT LAW BENEFIT.	$8734	$8599	$7948	$8642	$9555	$8201	$9308	$7433	$12323	$10437	$8669
% DIFF (PROPOSAL)...	2.2%	1.6%	-33.0%	9.1%	4.7%	.6%	4.6%	-38.4%	3.7%	8.7%	3.3%
GAINERS											
PRESENT LAW BENEFIT.	$8768	$8453	$8988	$9114	$9221	$7274	$9365	-	$10858	$10335	$8482
% DIFF (PROPOSAL)...	13.3%	15.7%	14.5%	19.9%	15.6%	14.4%	9.2%	-	11.4%	10.6%	7.8%
LOSERS											
PRESENT LAW BENEFIT.	$9414	$9465	$7713	$9616	$9869	$9521	$9052	$7376	$12102	$10628	$8445
% DIFF (PROPOSAL)...	-26.7%	-27.5%	-74.9%	-24.8%	-17.7%	-27.7%	-21.2%	-40.0%	-6.9%	-7.6%	-24.2%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 7.--Effect of Earnings Sharing on Disabled Workers And Retired Workers
(Benefit is All Benefits For Persons Receiving Worker Benefits)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	DISABLED WORKERS					RETIRED WORKERS				
	Total	MARRIED		PREVIOUSLY MARRIED		Total	MARRIED		PREVIOUSLY MARRIED	
		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	5,438	1,510	1,988	507	830	68,735	20,989	17,279	5,251	19,089
TOTAL..................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	26	39	8	10	9	35	17	10	32	59
PERCENT WITH INCREASES	52	14	87	23	86	37	9	82	47	34
GAIN 1-5%...........	6	6	5	8	9	6	4	5	21	7
GAIN 6-20%..........	11	6	13	8	26	13	4	19	21	17
GAIN 21+%..........	34	2	69	7	50	18	1	58	5	10
PERCENT WITH DECREASES	22	47	5	67	5	28	73	8	21	7
LOSE 1-5%...........	5	4	3	23	1	4	9	3	6	1
LOSE 6-20%..........	13	29	2	38	4	18	51	4	12	3
LOSE 21-99%.........	5	14	0	6	1	5	14	0	2	3
LOSE 100%...........	-	-	-	-	-	0	0	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$10371	$13121	$7741	$13433	$9752	$8077	$9675	$5625	$9170	$8287
% DIFF (PROPOSAL)...	9.6%	-5.6%	35.6%	-5.0%	17.3%	1.8%	-9.8%	24.5%	2.0%	3.1%
GAINERS										
PRESENT LAW BENEFIT.	$8406	$10810	$7495	$10853	$9473	$6416	$7543	$5272	$9051	$7595
% DIFF (PROPOSAL)...	31.2%	8.6%	42.5%	12.8%	21.6%	21.7%	8.1%	33.1%	8.8%	15.5%
LOSERS										
PRESENT LAW BENEFIT.	$12710	$12669	$9063	$14111	$11172	$9756	$9988	$7334	$9727	$9640
% DIFF (PROPOSAL)...	-12.7%	-14.7%	-5.1%	-10.5%	-12.1%	-13.7%	-13.7%	-8.9%	-9.8%	-20.5%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 8.--Persons Who Become Beneficiaries Due to Earnings Sharing, by Beneficiary Type *

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	WORKERS					CHILDREN			PERSONS RECEIVING ADJUSTMENT--CHILD-IN-CARE BENEFIT	
	Total	DISABLED		RETIRED		Total	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS	MEN	WOMEN
		MEN	WOMEN	MEN	WOMEN					
TOTAL NUMBER (in thousands).......	497	22	469	1	5	173	19	155	80	692
PERCENT DISTRIBUTION BY MARITAL STATUS										
TOTAL................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MARRIED..............	92	33	95	100	100	-	-	-	-	-
WIDOWED..............	-	-	-	-	-	-	-	-	44	67
DIVORCED.............	8	67	5	-	-	-	-	-	56	33
NEVER MARRIED........	-	-	-	-	-	100	100	100	-	-

- DATA NOT AVAILABLE

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE.

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 9.--Effect of Earnings Sharing on Couples And Previously Married Individuals, by Current Law Benefit Level (Couples With Either Spouse Age 62 or Over And Individuals at Least 62)

Proposal: Modified Generic Earnings Sharing With Transition I in 2030

	TOTAL	CURRENT LAW BENEFIT LEVEL			
		FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	17,455	4,320	4,500	4,242	4,394
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$15376	$10947	$14250	$16451	$19828
PERCENT WHO WOULD GAIN......................	45	49	40	47	43
PERCENT WHO WOULD LOSE......................	34	20	41	34	39
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	1.3%	4.5%	.9%	.8%	.4%
WIDOWED WOMEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	14,931	3,697	3,766	3,696	3,772
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$8613	$5546	$7660	$9355	$11842
PERCENT WHO WOULD GAIN......................	27	28	27	25	29
PERCENT WHO WOULD LOSE......................	8	3	7	8	12
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	2.3%	4.8%	2.9%	1.7%	1.2%
WIDOWED MEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	3,534	889	877	890	878
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$9341	$6079	$8391	$9959	$12970
PERCENT WHO WOULD GAIN......................	61	61	52	73	59
PERCENT WHO WOULD LOSE......................	3	2	5	1	5
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	5.2%	11.7%	2.6%	6.2%	3.2%
DIVORCED WOMEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	5,986	1,511	1,462	1,511	1,502
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$7510	$4314	$6389	$8187	$11139
PERCENT WHO WOULD GAIN......................	49	66	61	41	28
PERCENT WHO WOULD LOSE......................	6	1	2	8	11
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	5.9%	18.2%	10.1%	3.5%	.6%
DIVORCED MEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	1,924	479	486	480	478
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$9087	$5657	$7999	$9965	$12750
PERCENT WHO WOULD GAIN......................	21	41	18	19	8
PERCENT WHO WOULD LOSE......................	54	32	52	62	70
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	-4.1%	2.8%	-4.0%	-4.7%	-6.6%

SOURCE: ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table A12;-Effect of Earnings Sharing on Aged Individuals and Couples
(Individuals at Least 62 and Couples With Either Spouse at Least 62)

Proposal: Modified Generic Earnings Sharing With Transition I in 2010

	MARRIED COUPLES BY NUMBER OF BENEFICIARIES				WIDOWED		DIVORCED		NEVER MARRIED	
	TOTAL	BOTH	HUSBAND ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands)........	15,987	11,297	3,266	1,424	2,441	11,602	1,285	3,829	1,171	1,138
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	55	50	81	41	78	95	61	81	98	93
PERCENT WITH INCREASES	26	26	8	59	22	4	10	18	2	7
GAIN 1-5%............	12	15	2	3	10	2	7	4	2	3
GAIN 6-20%...........	9	11	1	17	12	2	3	10	-	3
GAIN 21+%...........	5	0	5	39	0	-	0	4	-	1
PERCENT WITH DECREASES	19	24	11	0	0	1	29	1	-	-
LOSE 1-5%............	13	17	4	0	-	-	18	0	-	-
LOSE 6-20%...........	6	7	6	-	0	0	11	0	-	-
LOSE 21-99%.........	0	-	1	-	-	0	-	0	-	-
LOSE 100%...........	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$10063	$11570	$7204	$4665	$6590	$6667	$7091	$5803	$6130	$5004
% DIFF (PROPOSAL)...	1.6%	.4%	2.4%	23.3%	1.5%	.0%	-1.1%	1.7%	.1%	.5%
GAINERS										
PRESENT LAW BENEFIT.	$10047	$11984	$6724	$4234	$7336	$6113	$5716	$4736	$4022	$4682
% DIFF (PROPOSAL)...	10.2%	5.4%	39.3%	43.5%	6.2%	6.4%	4.5%	11.6%	5.0%	6.9%
LOSERS										
PRESENT LAW BENEFIT.	$11894	$12481	$7339	$7376	$4550	$8027	$7593	$5542	-	-
% DIFF (PROPOSAL)...	-4.4%	-4.2%	-6.3%	-2.6%	-10.8%	-23.8%	-4.8%	-5.1%	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table A15.--Effect of Earnings Sharing on Aged Couples, by Entitlement Status
(Either Spouse Age 62 or Older)

Proposal: Modified Generic Earnings Sharing With Transition I in 2010

	Total	BOTH RECEIVE BENEFITS				ONLY HUSBAND BENEFICIARY	ONLY WIFE BENEFICIARY
		Total	WIFE ENTITLED AS				
			SPOUSE ONLY	DUAL WORKER	WORKER ONLY		
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	15,987	11,297	1,712	3,724	5,861	3,266	1,424
TOTAL..................	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	55	50	58	33	58	81	41
PERCENT WITH INCREASES	26	26	3	19	38	8	59
GAIN 1-5%...........	12	15	0	11	23	2	3
GAIN 6-20%..........	9	11	3	8	14	1	17
GAIN 21+%..........	5	0	0	0	1	5	39
PERCENT WITH DECREASES	19	24	39	48	4	11	0
LOSE 1-5%...........	13	17	23	35	4	4	0
LOSE 6-20%..........	6	7	16	13	0	6	-
LOSE 21-99%.........	0	-	-	-	-	1	-
LOSE 100%...........	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)							
ALL RECIPIENTS							
PRESENT LAW BENEFIT.	$10063	$11570	$10586	$12228	$11440	$7204	$4665
% DIFF (PROPOSAL)...	1.6%	.4%	-1.9%	-1.2%	2.1%	2.4%	23.3%
GAINERS							
PRESENT LAW BENEFIT.	$10047	$11984	$8668	$12774	$11810	$6724	$4234
% DIFF (PROPOSAL)...	10.2%	5.4%	8.5%	4.7%	5.6%	39.3%	43.5%
LOSERS							
PRESENT LAW BENEFIT.	$11894	$12481	$11283	$12838	$13192	$7339	$7376
% DIFF (PROPOSAL)...	-4.4%	-4.2%	-5.1%	-4.2%	-2.3%	-6.3%	-2.6%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 1.--Effect of Earnings Sharing on Aged Individuals and Couples
(Individuals at Least 62 and Couples With Either Spouse at Least 62)

Proposal: No Loser Earnings Sharing in 2030

	MARRIED COUPLES BY NUMBER OF BENEFICIARIES				WIDOWED		DIVORCED		NEVER MARRIED	
	TOTAL	BOTH	HUSBAND ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	24,526	17,455	4,511	2,560	3,534	14,931	1,924	5,986	3,243	3,118
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	31	18	85	27	39	74	81	56	100	100
PERCENT WITH INCREASES	69	82	15	73	61	26	19	44	-	-
GAIN 1-5%...........	15	18	8	8	27	5	10	9	-	-
GAIN 6-20%..........	42	56	5	11	26	13	7	22	-	-
GAIN 21+%..........	11	7	2	54	8	8	2	13	-	-
PERCENT WITH DECREASES	-	-	-	-	-	-	-	-	-	-
LOSE 1-5%...........	-	-	-	-	-	-	-	-	-	-
LOSE 6-20%..........	-	-	-	-	-	-	-	-	-	-
LOSE 21-99%.........	-	-	-	-	-	-	-	-	-	-
LOSE 100%...........	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$13415	$15376	$9867	$6292	$9341	$8613	$9087	$7510	$8827	$7108
% DIFF (PROPOSAL)...	9.0%	8.7%	2.2%	34.4%	5.7%	4.1%	1.1%	6.3%	.0%	.0%
GAINERS										
PRESENT LAW BENEFIT.	$14082	$15403	$8298	$6020	$9397	$8577	$7830	$6868	-	-
% DIFF (PROPOSAL)...	12.5%	10.5%	17.0%	49.5%	9.2%	15.7%	6.6%	15.6%	-	-
LOSERS										
PRESENT LAW BENEFIT.	-	-	-	-	-	-	-	-	-	-
% DIFF (PROPOSAL)...	-	-	-	-	-	-	-	-	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 2.--Effect of Earnings Sharing on Aged Couples, by Entitlement Status
(Either Spouse Age 62 or Older)

Proposal: No Loser Earnings Sharing in 2030

	Total	BOTH RECEIVE BENEFITS					ONLY HUSBAND BENEFICIARY	ONLY WIFE BENEFICIARY
		Total	WIFE ENTITLED AS					
			SPOUSE ONLY	DUAL WORKER	WORKER ONLY			
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	24,526	17,455	1,255	6,884	9,316		4,511	2,560
TOTAL....................	100%	100%	100%	100%	100%		100%	100%
PERCENT WITH NO CHANGE	31	18	64	14	15		85	27
PERCENT WITH INCREASES	69	82	36	86	85		15	73
GAIN 1-5%...........	15	18	10	12	24		8	8
GAIN 6-20%..........	42	56	20	64	55		5	11
GAIN 21+%..........	11	7	5	10	6		2	54
PERCENT WITH DECREASES	-	-	-	-	-		-	-
LOSE 1-5%...........	-	-	-	-	-		-	-
LOSE 6-20%..........	-	-	-	-	-		-	-
LOSE 21-99%.........	-	-	-	-	-		-	-
LOSE 100%...........	-	-	-	-	-		-	-
AVERAGE BENEFIT (1984 DOLLARS)								
ALL RECIPIENTS								
PRESENT LAW BENEFIT.	$13415	$15376	$13618	$16266	$14956		$9867	$6292
% DIFF (PROPOSAL)...	9.0%	8.7%	3.9%	10.3%	8.0%		2.2%	34.4%
GAINERS								
PRESENT LAW BENEFIT.	$14082	$15403	$14329	$16079	$14961		$8298	$6020
% DIFF (PROPOSAL)...	12.5%	10.5%	10.3%	12.1%	9.3%		17.0%	49.5%
LOSERS								
PRESENT LAW BENEFIT.	-	-	-	-	-		-	-
% DIFF (PROPOSAL)...	-	-	-	-	-		-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 3.--Effect of Earnings Sharing on Aged Married Women Beneficiaries, by Entitlement Status (Married Women Age 62 or Older)

Proposal: No Loser Earnings Sharing in 2030

	Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	19,254	928	70	6,700	544	11,013
TOTAL....................	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	20	50	97	11	76	20
PERCENT WITH INCREASES	80	50	3	89	24	80
GAIN 1-5%...........	6	7	3	3	4	7
GAIN 6-20%..........	20	12	-	13	20	25
GAIN 21+%..........	54	31	-	72	-	48
PERCENT WITH DECREASES	-	-	-	-	-	-
LOSE 1-5%...........	-	-	-	-	-	-
LOSE 6-20%..........	-	-	-	-	-	-
LOSE 21-99%.........	-	-	-	-	-	-
LOSE 100%...........	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)						
ALL RECIPIENTS						
PRESENT LAW BENEFIT.	$5668	$4262	$6648	$5076	$8723	$5989
% DIFF (PROPOSAL)...	24.0%	16.7%	.1%	33.4%	3.9%	21.2%
GAINERS						
PRESENT LAW BENEFIT.	$5374	$4052	$3908	$4955	$10213	$5654
% DIFF (PROPOSAL)...	31.8%	35.2%	4.3%	38.7%	13.8%	28.0%
LOSERS						
PRESENT LAW BENEFIT.	-	-	-	-	-	-
% DIFF (PROPOSAL)...	-	-	-	-	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/OER DYNAMIC MICROSIMULATION MODEL.

Table 4.--Effect of Earnings Sharing on Aged Married Men Beneficiaries, by Entitlement Status
(Married Men Age 62 or Older)

Proposal: No Loser Earnings Sharing in 2030

	Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY		
				SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	21,881	-	-	-	71	21,809
TOTAL....................	100%	-	-	-	100%	100%
PERCENT WITH NO CHANGE	91	-	-	-	10	92
PERCENT WITH INCREASES	8	-	-	-	90	8
GAIN 1-5%...........	4	-	-	-	25	4
GAIN 6-20%..........	3	-	-	-	51	3
GAIN 21+%..........	1	-	-	-	14	1
PERCENT WITH DECREASES	1	-	-	-	-	1
LOSE 1-5%...........	0	-	-	-	-	0
LOSE 6-20%..........	0	-	-	-	-	0
LOSE 21-99%.........	-	-	-	-	-	-
LOSE 100%...........	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)						
ALL RECIPIENTS						
PRESENT LAW BENEFIT.	$9802	-	-	-	$7321	$9810
% DIFF (PROPOSAL)...	.5%	-	-	-	9.7%	.5%
GAINERS						
PRESENT LAW BENEFIT.	$7612	-	-	-	$7249	$7625
% DIFF (PROPOSAL)...	8.4%	-	-	-	10.9%	8.3%
LOSERS						
PRESENT LAW BENEFIT.	$6755	-	-	-	-	$6755
% DIFF (PROPOSAL)...	-3.8%	-	-	-	-	-3.8%

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 5.--Effect of Earnings Sharing on Aged Widowed and Divorced Women Beneficiaries, by Entitlement Status
(Divorced or Widowed Women Age 62 or Older)

Proposal: No Loser Earnings Sharing in 2030

	Total	DIVORCED WOMEN						WIDOWS			
		Total	SPOUSE BENEFITS ONLY	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY			Total	SURVIVOR BENEFITS ONLY	WORKER BENEFICIARY	
					SPOUSE DUAL	SURVIVOR DUAL	WORKER ONLY			DUAL	WORKER ONLY
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	20,918	5,986	8	87	351	1,954	3,587	14,931	1,175	12,275	1,461
TOTAL..................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	69	56	48	100	48	79	43	74	97	77	32
PERCENT WITH INCREASES	31	44	52	-	52	21	57	26	3	23	68
GAIN 1-5%..........	6	9	-	-	5	2	14	5	-	5	6
GAIN 6-20%..........	16	22	24	-	19	14	28	13	1	12	37
GAIN 21+%..........	9	13	28	-	28	5	15	8	2	7	24
PERCENT WITH DECREASES	-	-	-	-	-	-	-	-	-	-	-
LOSE 1-5%..........	-	-	-	-	-	-	-	-	-	-	-
LOSE 6-20%..........	-	-	-	-	-	-	-	-	-	-	-
LOSE 21-99%..........	-	-	-	-	-	-	-	-	-	-	-
LOSE 100%..........	-	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)											
ALL RECIPIENTS											
PRESENT LAW BENEFIT.	$8297	$7510	$3080	$7891	$6193	$9127	$6758	$8613	$7882	$8863	$7117
% DIFF (PROPOSAL)...	4.6%	6.3%	26.4%	.0%	15.3%	2.8%	8.2%	4.1%	.8%	3.5%	13.3%
GAINERS											
PRESENT LAW BENEFIT.	$7887	$6868	$1983	-	$5579	$8629	$6644	$8577	$8962	$9085	$7118
% DIFF (PROPOSAL)...	15.7%	15.6%	78.3%	-	32.8%	14.6%	14.6%	15.7%	28.4%	14.5%	19.6%
LOSERS											
PRESENT LAW BENEFIT.	-	-	-	-	-	-	-	-	-	-	-
% DIFF (PROPOSAL)...	-	-	-	-	-	-	-	-	-	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/OPSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 6.--Effect of Earnings Sharing on Aged Widows And Widowers, by Age
(Widows And Widowers Age 60 or Older)

Proposal: No Loser Earnings Sharing in 2030

	Total	WIDOWS					WIDOWERS				
		Total	60-61	62-64	65-74	75+	Total	60-61	62-64	65-74	75+
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	18,839	15,243	312	707	4,306	9,919	3,596	63	103	1,131	2,299
TOTAL....................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	68	74	92	37	53	86	40	100	47	17	50
PERCENT WITH INCREASES	32	26	8	63	47	14	60	-	53	83	50
GAIN 1-5%...........	9	5	6	5	9	3	26	-	22	34	24
GAIN 6-20%..........	15	13	1	24	23	8	26	-	24	35	22
GAIN 21+%..........	8	8	1	34	15	3	7	-	7	15	4
PERCENT WITH DECREASES	-	-	-	-	-	-	-	-	-	-	-
LOSE 1-5%...........	-	-	-	-	-	-	-	-	-	-	-
LOSE 6-20%..........	-	-	-	-	-	-	-	-	-	-	-
LOSE 21-99%.........	-	-	-	-	-	-	-	-	-	-	-
LOSE 100%...........	-	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)											
ALL RECIPIENTS											
PRESENT LAW BENEFIT.	$8734	$8599	$7948	$8642	$9555	$8201	$9308	$7433	$12323	$10437	$8669
% DIFF (PROPOSAL)...	4.3%	4.0%	1.0%	13.1%	6.9%	2.0%	5.6%	.0%	5.3%	8.8%	3.9%
GAINERS											
PRESENT LAW BENEFIT.	$8878	$8593	$11165	$9114	$9240	$7482	$9397	-	$10858	$10429	$8482
% DIFF (PROPOSAL)...	13.2%	15.6%	8.9%	19.8%	15.3%	14.9%	9.2%	-	11.4%	10.6%	7.8%
LOSERS											
PRESENT LAW BENEFIT.	-	-	-	-	-	-	-	-	-	-	-
% DIFF (PROPOSAL)...	-	-	-	-	-	-	-	-	-	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 7.--Effect of Earnings Sharing on Disabled Workers And Retired Workers
(Benefit is All Benefits For Persons Receiving Worker Benefits)

Proposal: No Loser Earnings Sharing in 2030

	DISABLED WORKERS					RETIRED WORKERS				
	Total	MARRIED		PREVIOUSLY MARRIED		Total	MARRIED		PREVIOUSLY MARRIED	
		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	5,430	1,510	1,980	507	830	60,735	20,989	17,279	5,251	19,089
TOTAL..................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	50	87	15	77	15	65	91	19	54	69
PERCENT WITH INCREASES	50	13	85	23	85	35	8	81	46	31
GAIN 1-5%...........	6	4	6	9	10	6	4	6	21	6
GAIN 6-20%..........	11	6	12	0	26	12	3	21	20	16
GAIN 21+%..........	33	2	66	7	49	17	1	55	5	9
PERCENT WITH DECREASES	-	-	-	-	-	0	1	-	-	-
LOSE 1-5%...........	-	-	-	-	-	0	0	-	-	-
LOSE 6-20%..........	-	-	-	-	-	0	0	-	-	-
LOSE 21-99%.........	-	-	-	-	-	-	-	-	-	-
LOSE 100%...........	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$10371	$13121	$7741	$13433	$9752	$8077	$9675	$5625	$9170	$8287
% DIFF (PROPOSAL)...	12.7%	1.0%	34.6%	2.4%	17.8%	6.0%	.5%	24.2%	4.0%	4.4%
GAINERS										
PRESENT LAW BENEFIT.	$8363	$10565	$7469	$10853	$9491	$6437	$7459	$5292	$9137	$7751
% DIFF (PROPOSAL)...	31.6%	9.8%	42.3%	12.7%	21.5%	21.5%	8.3%	31.6%	8.6%	15.0%
LOSERS										
PRESENT LAW BENEFIT.	-	-	-	-	-	$6755	$6755	-	-	-
% DIFF (PROPOSAL)...	-	-	-	-	-	-3.8%	-3.8%	-	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/OER DYNAMIC MICROSIMULATION MODEL.

Table 6.--Persons Who Become Beneficiaries Due to Earnings Sharing, by Beneficiary Type *

Proposal: No Loser Earnings Sharing in 2030

	WORKERS					CHILDREN		
	Total	DISABLED		RETIRED		Total	SURVIVING CHILDREN	CHILDREN OF DISABLED OR RETIRED PARENTS
		MEN	WOMEN	MEN	WOMEN			
TOTAL NUMBER (in thousands).......	536	51	461	1	23	178	19	159
PERCENT DISTRIBUTION BY MARITAL STATUS								
TOTAL................	100%	100%	100%	100%	100%	100%	100%	100%
MARRIED..............	92	75	94	100	100	-	-	-
WIDOWED..............	-	-	-	-	-	-	-	-
DIVORCED.............	8	25	6	-	-	-	-	-
NEVER MARRIED........	-	-	-	-	-	100	100	100

- DATA NOT AVAILABLE

* DOES NOT INCLUDE A SMALL NUMBER OF PEOPLE WHO ARE NOT RECEIVING BENEFITS BECAUSE OF THE EARNINGS TEST OR BECAUSE THEY DO NOT FILE, ALTHOUGH ELIGIBLE.

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table 9.--Effect of Earnings Sharing on Couples And Previously Married Individuals, by Current Law Benefit Level
(Couples With Either Spouse Age 62 or Over And Individuals at Least 62)

Proposal: No Loser Earnings Sharing in 2030

	TOTAL	CURRENT LAW BENEFIT LEVEL			
		FIRST QUARTILE	SECOND QUARTILE	THIRD QUARTILE	FOURTH QUARTILE
TWO BENEFICIARY MARRIED COUPLES					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	17,455	4,320	4,500	4,242	4,394
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$15376	$10967	$14250	$16451	$19828
PERCENT WHO WOULD GAIN......................	82	78	82	86	82
PERCENT WHO WOULD LOSE......................	0	0	0	0	0
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	8.7%	8.0%	7.8%	9.4%	9.0%
WIDOWED WOMEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	14,931	3,697	3,766	3,696	3,772
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$8613	$5546	$7660	$9355	$11842
PERCENT WHO WOULD GAIN......................	26	24	26	25	29
PERCENT WHO WOULD LOSE......................	0	0	0	0	0
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	4.1%	5.2%	4.2%	3.3%	4.0%
WIDOWED MEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	3,534	889	877	890	878
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$9341	$6079	$8391	$9959	$12970
PERCENT WHO WOULD GAIN......................	61	59	52	73	59
PERCENT WHO WOULD LOSE......................	0	0	0	0	0
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	5.7%	11.9%	4.0%	6.3%	3.4%
DIVORCED WOMEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	5,906	1,511	1,462	1,511	1,502
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$7510	$4311	$6389	$8187	$11139
PERCENT WHO WOULD GAIN......................	44	56	54	38	28
PERCENT WHO WOULD LOSE......................	0	0	0	0	0
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	6.3%	14.0%	8.3%	5.3%	2.9%
DIVORCED MEN					
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (IN THOUSANDS).........	1,924	479	486	480	478
AVERAGE PRESENT LAW BENEFIT (1984 DOLLARS)..	$9087	$5657	$7999	$9965	$12750
PERCENT WHO WOULD GAIN......................	19	32	18	19	8
PERCENT WHO WOULD LOSE......................	0	0	0	0	0
PERCENT DIFFERENCE IN AVERAGE BENEFIT.......	1.1%	3.1%	1.2%	1.0%	.3%

SOURCE: ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table A12.--Effect of Earnings Sharing on Aged Individuals and Couples
(Individuals at Least 62 and Couples With Either Spouse at Least 62)

Proposal: No Loser Earnings Sharing in 2010

	MARRIED COUPLES BY NUMBER OF BENEFICIARIES				WIDOWED		DIVORCED		NEVER MARRIED	
	TOTAL	BOTH	HUSBAND ONLY	WIFE ONLY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	15,987	11,297	3,266	1,424	2,441	11,602	1,285	3,829	1,171	1,138
TOTAL..................	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PERCENT WITH NO CHANGE	59	57	84	19	78	97	90	86	100	100
PERCENT WITH INCREASES	41	43	16	81	22	3	10	14	-	-
GAIN 1-5%...........	20	26	7	1	10	1	7	4	-	-
GAIN 6-20%..........	15	16	4	26	12	2	3	6	-	-
GAIN 21+%..........	7	1	6	54	0	-	0	3	-	-
PERCENT WITH DECREASES	-	-	-	-	-	-	-	-	-	-
LOSE 1-5%...........	-	-	-	-	-	-	-	-	-	-
LOSE 6-20%..........	-	-	-	-	-	-	-	-	-	-
LOSE 21-99%.........	-	-	-	-	-	-	-	-	-	-
LOSE 100%...........	-	-	-	-	-	-	-	-	-	-
AVERAGE BENEFIT (1984 DOLLARS)										
ALL RECIPIENTS										
PRESENT LAW BENEFIT.	$10063	$11570	$7204	$4665	$6590	$6667	$7091	$5803	$6130	$5004
% DIFF (PROPOSAL)...	3.9%	2.6%	3.8%	29.2%	1.6%	.2%	.4%	1.2%	.0%	.0%
GAINERS										
PRESENT LAW BENEFIT.	$10309	$12159	$6268	$4379	$7336	$6212	$5748	$4656	-	-
% DIFF (PROPOSAL)...	9.2%	5.7%	26.7%	38.6%	6.2%	6.5%	4.4%	10.9%	-	-
LOSERS										
PRESENT LAW BENEFIT.	-	-	-	-	-	-	-	-	-	-
% DIFF (PROPOSAL)...	-	-	-	-	-	-	-	-	-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

Table A15.-Effect of Earnings Sharing on Aged Couples, by Entitlement Status
(Either Spouse Age 62 or Older)

Proposal: No Loser Earnings Sharing in 2010

	Total	BOTH RECEIVE BENEFITS					ONLY HUSBAND BENEFICIARY	ONLY WIFE BENEFICIARY
		Total	WIFE ENTITLED AS					
			SPOUSE ONLY	DUAL WORKER	WORKER ONLY			
NUMBER WHO WOULD RECEIVE BENEFITS UNDER PRESENT LAW (in thousands).......	15,987	11,297	1,712	3,724	5,861		3,266	1,424
TOTAL..................	100%	100%	100%	100%	100%		100%	100%
PERCENT WITH NO CHANGE	59	57	93	60	45		84	19
PERCENT WITH INCREASES	41	43	7	40	55		16	81
GAIN 1-5%...........	20	26	3	23	34		7	1
GAIN 6-20%..........	15	16	3	17	20		4	26
GAIN 21+%..........	7	1	0	0	1		6	54
PERCENT WITH DECREASES	-	-	-	-	-		-	-
LOSE 1-5%...........	-	-	-	-	-		-	-
LOSE 6-20%..........	-	-	-	-	-		-	-
LOSE 21-99%.........	-	-	-	-	-		-	-
LOSE 100%...........	-	-	-	-	-		-	-
AVERAGE BENEFIT (1984 DOLLARS)								
ALL RECIPIENTS								
PRESENT LAW BENEFIT.	$10063	$11570	$10586	$12228	$11440		$7204	$4665
% DIFF (PROPOSAL)...	3.9%	2.6%	.4%	2.4%	3.4%		3.8%	29.2%
GAINERS								
PRESENT LAW BENEFIT.	$10309	$12159	$9436	$12855	$11936		$6268	$4379
% DIFF (PROPOSAL)...	9.2%	5.7%	6.0%	5.6%	5.7%		26.7%	38.6%
LOSERS								
PRESENT LAW BENEFIT.	-	-	-	-	-		-	-
% DIFF (PROPOSAL)...	-	-	-	-	-		-	-

SOURCE: EARNINGS SHARING ESTIMATES BASED ON THE SSA/ORSIP/DER DYNAMIC MICROSIMULATION MODEL.

APPENDIX K
FOREIGN EXPERIENCE WITH EARNINGS SHARING

Variations on earnings sharing have been implemented successfully in Canada and in West Germany. The Canadian plan allows voluntary earnings sharing at divorce in order to provide added Social Security protection for spouses who worked in the home for a substantial portion of the marriage. The West German earnings sharing plan applies to both public and private pensions in the event of divorce and was included in a sweeping reform of the existing marriage and family law. These plans are discussed separately in some detail in the following sections which were prepared by the International Activities and Studies Staff of the SSA Office of Research, Statistics and International Policy.

SECTION I
EARNINGS SHARING IN CANADA

Introduction and Overview

In January 1978, Canada introduced an amendment to its earnings-related retirement, survivors and disability insurance program, the Canada Pension Plan (CPP), to provide for earnings sharing on divorce. Under the program, CPP pension credits earned by both spouses during marriage are evenly divided between the spouses in the event of divorce if the couple was married for at least 3 years and either spouse applies for earnings sharing (or "credit-splitting") within 3 years after divorce. Pension credits earned by either spouse prior to the marriage or subsequent to the divorce are not affected. The program was intended to provide added social security protection for spouses (mostly women) who work in the home during marriage and, in the event of divorce, have insufficient pension credit records on which to base entitlement to CPP benefits.

Before reviewing the credit-splitting arrangements in Canada, this paper provides some background information on Canadian public pension programs and the characteristics of the divorced population in Canada. The paper also reviews the history of the enactment of credit-splitting upon divorce in Canada, the specific provisions of the legislation and some of the effects of its implementation. Finally some recent proposals by the Canadian Federal Government to extend the availability of credit-splitting in certain circumstances will be discussed.

With respect to the Canadian public pension system, it will be seen that certain aspects of its provisions facilitated the adoption of credit-splitting on divorce in Canada. These include the following:

1. the Canadian old-age pension is a two-tiered pension only part of which is earnings-related and affected by credit-splitting, so the redistributional effect of credit-splitting in Canada is limited;

2. the CPP provides no spouse's benefits and no survivor's benefits for divorced survivors, so the introduction of credit-splitting was expected to improve CPP protection for all nonwage-earning and lower-wage-earning spouses of CPP contributors, and their dependents, in the event of divorce;

3. the CPP covers virtually all employed and self-employed persons, so no problems were posed concerning gaps in earnings records caused by employment of one spouse in noncovered employment; and

4. CPP benefits are calculated as flat percentages of average indexed earnings, so application of the benefit formula to a split credit record results in virtually the same outlay as would result in the absence of credit-splitting.

Nonetheless, the credit-splitting program has had its problems. The primary concern in Canada has been that a very small percent of eligible divorced spouses has applied for credit-splitting, leading to widespread public debate about the effectiveness of the program. The reason for the low takeup rate has not been fully established, but Canadian government attempts to improve the application rate through increased publicity about the credit-splitting program have not been particularly successful.

In early 1983, the Canadian Parliament establishd a special task force to study and report on Canadian Federal Government proposals designed to improve both the public and private pension systems in Canada. In December 1983, the task force submitted its report, which includes recommendations to implement the government's proposals to expand the credit-splitting program. In 1984, the government included in its proposed budget several legislative proposals for expanding the credit-splitting provisions, but as of yet the Parliament has not acted on these proposals.

Background

Canadian Public Pension System

The Canadian old-age pension is a two-tiered pension consisting of a universal Old Age Security (OAS) benefit payable at age 65 to all residents with at least 10 years of residency, and an earnings-related CPP benefit also payable at age 65 to those with CPP pension credit records. 133/ Survivor's and disability

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133/ The Canada Pension Plan is a compulsory Federal retirement, survivor's and disability insurance program effective throughout Canada except in the Province of Quebec. Quebec administers its own program for earnings-related retirement, survivor's and disability insurance, the Quebec Pension Plan (QPP). Pension credits are portable between the two statutory pension systems. QPP benefits are the same as CPP benefits except where noted.

pensions consist of CPP benefits only. Only CPP pensions are affected by credit-splitting. For a worker who earned the average wage in manufacturing and retired in 1983, the CPP retirement benefit and the OAS pension together would replace about 35 percent of earnings (Table 1). The CPP benefit would constitute about 57 percent of the total pension income.

The OAS pension is a uniform, taxable benefit payable in flat amounts according to years of residence in Canada. To be eligible for the maximum benefit, the claimant must have resided in Canada for at least 40 years after reaching age 18. A residence age 65 with fewer than 40 but more than 10 years of residence may receive proportionally reduced benefits. The OAS pension is financed solely from general revenues. In 1983, the maximum OAS benefit was Can. $254 per month (U.S. $207), 134/ or 15 percent of the average monthly wage in manufacturing in Canada. In addition to the basic OAS benefit, a nontaxable, income-tested supplement (the Guaranteed Income Supplement, or GIS) is payable to low-income OAS recipients. Also, a nontaxable, income-tested Spouse Allowance (SPA) is payable to an OAS recipient's spouse age 60-64. Both of these income-tested benefits are financed from general revenues. In 1983, the maximum GIS benefit payable to a single pensioner was Can. $255 per month (U.S. $208) and the maximum SPA benefit was Can. $451 per month (U.S. $367). Widowed recipients of the SPA continue to receive the benefit until they become eligible in their own right at age 65 for OAS and GIS benefits, unless they remarry. The OAS, GIS and SPA pensions are automatically adjusted on a quarterly basis for changes in the consumer price index.

Earnings-related CPP benefits are financed by a joint employee-employer payroll tax. Employees and employers each pay 1.8 percent of annual earnings between a contribution floor (the Year's Basic Exemption) of Can. $1,800 (U.S. $1,467) and a contribution ceiling (the Year's Maximum Pensionable Earnings (YMPE)) of Can. $18,500 (U.S. $15,074), or 89 percent of the average way in manufacturing in Canada. 135/ The self-employed pay the combined rate of 3.6 percent of covered earnings.

The earnings-related CPP retirement benefit is payable at age 65 with no minimum qualifying period of contribution. CPP pension coverage extends to all employees and the self-employed (except those covered by the Quebec Pension Plan). The maximum CPP

134/ One (1) Canadian dollar is currently equivalent to about $0.78.

135/ Canada is in the process of gradually raising the Year's Maximum Pensionable Earnings to the level of the domestic average wage in manufacturing.

monthly benefit amounts to 25 percent of average monthly lifetime covered earnings, revalued for changes in national average wages. Up to 15 percent of the lowest-income months may be disregarded in the benefit calculation if the remaining contributory period totals 120 or more months. Also, a childrearing dropout provision permits the exclusion from the benefit calculation of months of low or zero earnings that occur while a contributor remains at home to care for a child under age 7. 136/ In 1983, the maximum monthly CPP retirement benefit was Can. $345 (U.S. $281), or 20 percent of the average monthly wage in manufacturing in Canada.

There is no provision for early or delayed retirement in either the CPP or OAS old-age pension programs. Also, one need not be retired from the labor force to receive retirement benefits under either program. 137/

A CPP survivor's pension is payable to the surviving spouse of a deceased contributor if the deceased contributed for at least 10 years, or at least 3 years plus one-third of the number of years between 1966 (or age 18, if later) and death, whichever is less. 138/ If the surviving spouse is age 65 or over, the CPP

136/ The Canadian Parliament passed the childrearing dropout provision at the same time as the credit-splitting law in 1977, but the provision was not implemented until 1983 because the Province of Ontario withheld approval. Any proposed changes to the CPP must be passed by the Parliament and approved by at least two-thirds of the provinces (including Quebec) which together have at least two-thirds of the population. Ontario, with over one-third of the Canadian population, holds an effective veto over any changes in the CPP. In May 1983, Ontario finally consented to the inclusion of the childrearing dropout credit in the CPP. The provision is retroactive to 1978. Quebec adopted the child-rearing dropout provision for the QPP in 1977.

137/ The QPP now provides for actuarially reduced retirement pensions at age 60. Thus, persons who have contributed to both the QPP and CPP may be entitled to receive a retirement benefit at age 60.

138/ The CPP also provides for the payment of a lump-sum death benefit to the estate of a deceased contributor provided that contributions to the CPP were made for the same minimum qualifying period. The benefit is equal to six times the actual or imputed monthly retirement pension of the contributor up to a maximum of 10 percent of the Year's Maximum Pensionable Earnings for the year of death.

survivors pension equals 60 percent of the deceased's actual or imputed CPP retirement pension, up to a maximum of Can. $207 per month in 1983 (U.S. $169). (In virtually all cases, the surviving spouse age 65 or over also receives the OAS pension in his or her own right. See Table 1.) If the surviving spouse is age 45-64, disabled or caring for a dependent child, he or she is entitled to a survivor's pension equal to 37.5 percent of the deceased's actual or imputed CPP retirement pension, plus a flat benefit of Can. $79 per month (up to a combined maximum of Can. $208 per month in 1983 139/) (Table 1.). For a surviving spouse age 35 who has no dependent children and is not disabled, the age 45 pension is reduced by 10 percent for each year his or her age was less than 45 at the time of the insured's death. Surviving spouse's benefits are terminated upon remarriage but may be reinstated in the event of the termination of the subsequent marriage. In the event that more than one survivor's pension is payable to one individual (as in the death of the second spouse of a remarried survivor), the larger of the two pensions is payable. Survivor's benefits are not available to divorced spouses.

139/ Up to a combined maximum of Can. $331 per month (U.S. $270) under the QPP in 1983.

Table 1--Maximum CPP Monthly Pension Amounts by Selected Types of Pensioners*

Type of Pensioner	Maximum Monthly Pension Benefit OAS U.S.$	OAS % of Avg. Monthly Can. Wage in Mfg.	CPP U.S.$	CPP % of Avg. Monthly Can. Wage in Mfg.	TOTAL U.S.$	TOTAL % of Avg. Monthly Can. Wage in Mfg.
1. Age 65 Retiree	$207	15%	$ 281	20%	$ 488	35%
2. Disabled, Age 55	---	---	211+64	20%	275	20%
3. Widow(er) Age 50, No Dependent Children ..	---	---	105+64	12%	169	12%
4. Widow(er) Age 35 with Dependent Children.	---	---	105+64**	12%	169**	12%
5. Widow(er) Age 65	207	15%	169	12%	376	27%

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* Worker always earned the average wage in manufacturing and pensioner first became entitled in 1983.

** Surviving spouse pension only; does not include benefits for suvrviving children of U.S. $64 per month for each surviving dependent child.

Benefits for surviving children of Can. $79 (U.S. $64) per month 140/ are payable to a surviving dependent child of a deceased contributor if the child is under age 18 (or under age 25 if a student).

To receive a CPP disability benefit, a contributor must suffer from a servere and prolonged mental or physical disability that prevents him or her from pursuing any substantial gainful employment. For a worker who has contributed during a minimum qualifying period (never less than 5 of the last 10 years), a CPP disability pension is payable in the fourth month following the month of disablement. The disability benefit equals 75 percent of a contributor's imputed CPP retirement pension plus a flat benefit of Can. $79 per month, up to a combined maximum of Can. $337 per month (U.S. $275) (Table 1). 141/ Also, a benefit of Can. $79 per month is payable for each dependent child under age 18 (or under age 25 if a student). A combined CPP pension (i.e., a surviving spouse pension and a retirement or disability pension) may be paid to the same person but may not exceed the maximum CPP retirement benefit.

All CPP benefits are automatically adjusted on an annual basis for changes in the consumer price index.

Characteristics of Divorced Population in Canada

In 1981 there were 500,135 divorced persons residing in Canada, accounting for 2 percent of the total Canadian population. Roughly 60 percent of the divorced population were women and approximately 65 percent were between the ages of 25 and 49 (Table 2).

A total of 67,671 divorces were granted in Canada in 1981, for a divorce rate of 278 per 100,000 population. The mean age at divorce was 35 for females and 38 for males. The average duration of marriage for a couple divorced in Canada in 1981 was 12 years. 142/ Of the total number of divorces in Canada in 1981, 94 percent were in marriages that lasted 3 or more years (Table 3). Approximately 52 percent of the divorces granted in

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140/ Can. $29 per month (U.S. $24) under the QPP in 1983.

141/ Can. $460 per month (U.S. $375) under the QPP in 1983.

142/ *Vital Statistics, Vol. II, Marriages and Divorces, 1981*, Statistics Canada, Ottawa, 1983, p. 2, table 1.

Canada in 1981 involved dependent children. Of the total number of dependent children who were placed by courts in the custody of one of the divorcing spouses, 83 percent were placed in the custody of the wife. 143/

In 1976, roughly 64 percent of divorced women in Canada participated in the labor force, compared to a labor force participation rate of 45 percent for all Canadian women age 15 and over (Table 4). The total labor force participation rate for divorced women was higher than the total rate for any other marital status category of women in Canada in 1976 (Table 4), although rates were highest for women in the "never married" category for the age groups 25-54 and 65 and over.

Labor force participation rates for all women over age 15 in Canada have been rising during the past several years, growing from roughly 40 percent in 1971 to 52 percent in the first half of 1983. 144/ Labor force participation rates for Canadian women age 15-24 rose from 49 percent in 1971 to 63 percent in the first half of 1983, and for Canadian women age 25 and over rose from 37 percent in 1971 to 49 percent in the first half of 1983.

143/ *Ibid*., p. 24, table 15, and p. 26, table 17.

144/ *Canadian Statistical Review, August 1983*, Statistics Canada, Ottawa, September 1983, p. x, table 1, and p. 41, table 4.

Table 2--Divorced Population in Canada by Age and Sex, 1981

Age	Male	Female	Total*
15-19	215	400	620
20-24	3,255	9,055	12,310
25-29	17,330	32,025	49,355
30-34	29,080	47,590	76,670
35-39	28,840	45,850	74,690
40-44	26,180	38,485	64,675
45-49	24,815	33,745	58,565
50-54	23,425	29,505	52,930
55-59	18,765	23,965	42,735
60-64	12,820	15,960	28,780
65-69	9,020	10,675	19,695
70-74	5,155	5,895	11,050
75-79	2,525	2,690	5,215
80-84	1,000	1,000	1,995
85-89	325	340	660
90+	95	105	200
	202,845	297,290	500,135

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* Numbers for "Male" and "Female" in a given age group do not sum to the "Total" for that category in all cases. This discrepancy is in the source.

SOURCE: *1981 Census of Canada, Vol. 1, National Series, Population: Age, Sex, and Marital Status*, Statistics Canada, Ottowa, September 1982, table 4.

Table 3--Divorces in Canada by Length of Marriage, 1981

	Number	Percent of Total
Under 1 year	163	*
1 year	1,282	2
2 years	2,517	4
3 years	3,263	5
4 years	4,420	7
5 years	4,873	7
6 years	4,809	7
7 years	4,545	7
8 years	4,090	6
9 years	3,670	5
10-14 years	13,271	20
15-19 years	7,668	11
20-24 years	5,534	8
25-29 years	3,709	5
30 and over	3,760	6
Not stated	97	*
Total	67,671	100

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* Less than 1 percent.

SOURCE: Vital Statistics, Vol. II, Marriages and Divorces, 1981, Statistics Canada, Ottowa, 1983, p. 24, table 16.

Table 4--Labor Force Participation Rates for Women in Canada by Marital Status and Age Group, 1976

Ages	Total	Married	Separated	Widowed	Divorced	Never Married
15+	45.0	43.7	55.4	18.2	63.8	56.3
15-19	42.6	56.9*	60.3*	46.4*	64.1*	42.0
20-24	67.6					78.8
25-34	53.9	48.6	63.9	51.3	69.0	80.7
35-44	53.7	50.9	62.5	56.0	68.8	75.4
45-54	49.3	46.1	59.1	52.6	69.2	70.7
55-64	33.9	29.4	44.8	36.7	57.1	56.2
65+	6.9	6.0	8.9	5.0	13.4	18.7

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* Labor force participation rate is for the age group 15-24.

SOURCE: 1976 Census of Canada, Labor Force Activity by Marital Status, Age, and Sex, Statistics Canada, Ottowa, September 1978, table 12.

Credit-Splitting under the CPP

History

In 1967 the Canadian government established the Royal Commission on the Status of Women to study and report on the social and economic condition of women in Canada and to recommend what steps might be taken "to ensure for women equal opportunities with men in all aspects of Canadian society." The Commission, in a comprehensive report published in 1970, 145/ put forth several proposals for social reform, including a recommendation that the CPP be amended so as to allow for the participation in the system of the spouse who remains at home. The recommendation was based on the Commission's determinations that a spouse at home should be entitled to a pension in her or his own right under the CPP; that the spouse at home is just as much a producer of goods and services as the paid worker and should have the same opportunity as the paid worker to provide for a financially secure future; that marriage is a partnership, but that the spouse at home was not treated as an equal partner with respect to CPP credits and pensions; and that the CPP worked a hardship on nonwage earning spouses who divorced late in life and entered paid employment for the first time and were unable to establish sufficient pension credit records. The Commission advised the government to study the feasibility of both a credit-splitting plan and a plan to permit the spouse at home to contribute to the CPP on a voluntary basis as a self-employed worker.

Various groups developed specific plans for the inclusion of the nonwage earning spouse in the CPP, and in 1974 the government referred five proposals to the CPP Advisory Committee and the Advisory Council on the Status of Women for study and comment. The five proposals were:

1. to provide the spouse at home with CPP coverage on the basis of wages that the wage earning spouse would be required to pay the nonwage earning spouse for work in the home;

2. to permit the spouse at home to contribute to the CPP on a voluntary basis;

3. to create a separate public old-age insurance plan for spouses at home who choose to contribute;

145/ Report of the Royal Commission on the Status of Women in Canada, Ottawa, 1970.

4. to credit half of a married person's CPP contributions to that person's spouse (general earnings sharing); and

5. to automatically and evenly divide on divorce the total CPP pension credits earned by both spouses during marriage (mandatory earnings sharing on divorce).

The two advisory groups recommended the rejection of proposals 1., 2. and 3. Plan 1. was not accepted because it required a standardized assessment of the monetary value of work in the home, and assessing this value was considered infeasible. Also, it was thought that services provided by the spouse at home benefited not only the wage earning spouse but society as a whole; therefore, it would be unfair to require the wage earning spouse alone to pay for these services. Proposal 2. was found unsatisfactory because a voluntary plan, it was believed, would tend to attract only the well-informed and finacially well-off. Also, the introduction of voluntarism and the departure from earnings-related contributions would change the basic character of the CPP, and possibly raise demands from regular contributors that they be allowed to voluntarily increase the levels of their contributions. Plan 3. was rejected because it would not bring the nonwage earning spouse into the CPP but rather proposed a "separate-but-equal" approach. In addition, it raised some of the same problems as the voluntary contribution plan.

The CPP Advisory Committee found both credit-splitting proposals to be economically and administratively feasible and recommended both to the government for further consideration as "acceptable alternatives." The Advisory Council on the Status of Women endorsed a general credit-splitting plan, modified to include automatic credit-splitting on divorce. It found that credit-splitting on divorce was, alone, not an acceptable alternative for the reason that it was not a proposal to bring the nonwage earning spouse into the CPP, but rather was a plan to protect only nonwage earning spouses who divorced. Also, the Advisory Council found that the plan was based on a concept of the nonwage earning spouse's dependency and need, and not on the concepts of marriage as a partnership and the nonwage earning spouse's general entitlement to benefits in her or his own right.

In 1976, the Canadian Minister of Health and Welfare presented the government's position as supporting credit-splitting in the event of divorce but not general credit-splitting. General credit-splitting, according to the government, posed serious problems with respect to program administration and benefit levels for one-wage earner families. The cost of administering general credit-splitting would be unacceptably high, the government maintained, because it would be necessary to continuously monitor marital status for all contributors and the number of records to be kept on the earnings history of each contributor would nearly double. Also, the government argued that the reduced benefit levels for the sole wage earner would create a hardship on families dependent upon a sole wage earner's disability pension or upon a survivor's pension based on a split CPP credit record.

Furthermore, the government proposed modifying the credit-splitting on divorce plan that had been recommended by the two advisory groups so as to include a requirement that a divorced spouse would have to apply for a division of credits rather than having the credit-splitting occur automatically on divorce. This proposal was based on the government's assessment that credit-splitting on divorce based on an application would be administratively simpler and less costly than mandatory credit-splitting on divorce.

In 1977, after a year of further study and debate of the issues raised by the government's proposal, the Canadian Parliament enacted the current CPP credit-splitting provision which applies to marriages dissolved on or after January 1, 1978.

Credit-Splitting Provisions

The CPP credit-splitting program provides for the even splitting upon divorce of CPP pension credits earned by both spouses during marriage if the couple was legally married for a minimum of 3 years and either spouse applies for credit-splitting within 3 years after divorce. 146/ The credit-splitting provision applies only to CPP pension credits accumulated by the spouses during periods of cohabitation in marriage, with the requirement that the spouses must have cohabited for at least 36 consecutive months during marriage in order to qualify for credit-splitting after divorce. A division of credits is not available to separated but still legally married spouses, and is not available upon dissolution of a common-law marriage. Pension credits may not be split for any period during which either spouse was under age 18, age 70 or over, or in receipt of a CPP retirement or disability pension. Also, pension credits may not be split for any year in which the sum of the spouses' annual unadjusted pensionable earnings does not exceed twice the Year's Basic Exemption, or contribution floor. For example, earnings for 1983 would not be split if they fell below Can. $3,600 (U.S. $2,934), or twice the Year's Basic Exemption for 1983.

146/ The QPP also has a credit-splitting on divorce program which applies to marriages dissolved on or after January 1, 1977.

Since the CPP does not provide divorced spouse's benefits or divorced survivor's benefits, the credit-splitting on divorce program provides the potential for enhanced old-age, survivor's and disability insurance protection for all nonwage earning and lower-wage earning divorced spouses and survivors. Credit-splitting affects eligibility and benefit levels for CPP retirement and disability pensions, and eligibility for benefits for dependent children. (Benefit levels for dependent children are unaffected by credit-splitting since these benefits are not earnings-related but are paid in flat amounts.) As a result of credit-splitting, the dependents of a nonwage earning spouse may qualify for survivor's benefits. The credit-splitting provision is of the greatest benefit to the divorced spouse who has never been a wage earner and who, in the absence of credit-splitting, woud have no CPP pension credit record on which to base entitlement to CPP pension benefits. Through credit-splitting, the divorced nonwage earner gains a basis for entitlement to CPP retirement benefits upon reaching age 65 and to disability benefits in the event of disablement, including benefits for his or her dependent children. Also, his or her spouse and dependent children gain a basis for entitlement to survivor's benefits in the event of the death of the divorced nonwage earner.

By increasing pension credits on which CPP benefit levels are based, credit-splitting also benefits the divorced lower-wage earning spouse from a two-earner couple (if the annual pensionable earnings of the lower wage earner are less than the YMPE's, or contribution ceiling). Thus, the credit-splitting on divorce provision produces the result that some spouses get better benefit entitlement and benefit levels after divorce than they would had they remained married. The Canadian credit-splitting provision reduces retirement and disability pension levels of a divorced spouse who was a sole wage earner or higher wage earner during marriage. The degree to which benefit levels are affected by credit-splitting, of course, varies with the length of marriage and the wage levels of the spouses during marriage. Table 5 provides some illustrative examples. Where two spouses earned the same or similar wages during marriage, credit-splitting will have little or no effect.

Where one of the spouses is already in receipt of a CPP retirement or disability pension at the time of credit-splitting, a new benefit amount is calculated on the basis of the new split credit record. The new amount becomes payable the month after the month of application for credit-splitting. The effect of credit-splitting on raising or lowering benefit levels will be greater for CPP retirement benefits-in-pay than for disability pensions since the latter contain a flat benefit component which is not affected by splitting.

The net cost effect of credit-splitting is a slight increase in total CPP benefits payable since spouses who split one set of contributions are both able to eliminate months of low or zero earnings in their benefit calculations. In the absence of splitting, only the contributor could take advantage of the dropout feature of the benefit formula. The cost of this effect, however, is minimal.

Table 5--**Estimated Monthly CPP Old-Age Benefits Payable With and Without Credit-Splitting on Divorce**

	Both Spouses Age 20 in 1966 (Pension Commences 2011)			
	Without Credit-Splitting Monthly Pension		With Credit-Splitting Monthly Pension	
Length of Marriage and Wage Levels*	Spouse A	Spouse B	Spouse A	Spouse B
1) Divorce after 10 years of marriage:	$	$	$	$
o Spouse A earns at maximum, Spouse B has no earnings	1,644	0	1,574	215
o Spouse A earns at maximum, Spouse B earns at 1/2 the YMPE	1,644	822	1,609	929
o Spouse A and Spouse B both earn at maximum	1,644	1,644	1,644	1,644
2) Divorce after 20 years of marriage:				
o Spouse A earns at maximum, Spouse B has no earnings	1,644	0	1,358	430
o Spouse A earns at maximum, Spouse B earns at 1/2 the YMPE	1,644	822	1,501	1,037
o Spouse A and Spouse B both earn at maximum	1,644	1,644	1,644	1,644
3) Divorce after 30 years of marriage:				
o Spouse A earns at maximum, Spouse B has no earnings	1,644	0	1,144	645
o Spouse A earns at maximum, Spouse B earns at 1/2 the YMPE	1,644	822	1,394	1,144
o Spouse A and Spouse B both earn at maximum	1,644	1,644	1,644	1,644
4) Divorce after CPP old-age benefit in pay:				
o Spouse A earns at maximum, Spouse B has no earnings	1,644	0	822	822
o Spouse A earns at maximum, Spouse B earns at 1/2 the YMPE	1,644	822	1,233	1,233
o Spouse A and Spouse B both earn at maximum	1,644	1,644	1,644	1,644

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* Specified wage levels apply to entire 45-year contributory period (1966-2011). The Year's Maximum Pensionable Earnings reaches Can. $78,900 in 2011.

Effects of Implementation of Credit-Splitting

Between January 1978 (when the CPP credit-splitting provision became effective) and September 1983, about 6,500 people applied for credit-splitting, while during the same period there were over 350,000 divorces in Canada. While some divorces occur in marriages of less than 3 years' duration, the vast majority occur in marriages that have lasted longer than 3 years; so most divorcing spouses are eligible for credit-splitting but have not taken steps to apply.

Interested observers have offered several possible explanations for the low takeup rate, including: (1) the public may be generally unaware of the credit-splitting provision; (2) many divorcing spouses are in their 20's and 30's and perhaps are unconcerned about potential social security benefits in the distant future; (3) divorce lawyers may be unfamiliar with the credit-splitting law; and (4) divorcing sole wage earners or higher wage earners desiring to keep their pension credit records intact may be offering their spouses some quid pro quo in exchange for not applying for credit-splitting. The Canadian government has taken steps to improve public awareness of the program through distributing information pamphlets, using check inserts, sponsoring educational seminars and public forums and mailing information to lawyers. Despite these efforts, however, the takeup rate has grown slowly. This has led a number of women's groups in Canada to conclude that pension credits are being used as a bargaining chip in divorce proceedings and that credit-splitting on divorce should be mandatory. The government, however, has maintained its position that the decision to split credits should be a personal one based on individual family situations.

The issue was rekindled recently when the Canada Pension Appeals Board ruled in September 1983 that a divorced spouse is not eligible for credit-splitting if she or he has agreed in a divorce settlement to drop all claims against the former spouse for property or support. The Appeals Board upheld the decision of a lower tribunal which had reversed the decision of the Minister of National Health and Welfare to aware credit-splitting to four women who had previously agreed in divorce settlements to drop financial claims against their ex-husbands. The decision of the Appeals Board is final and binding because under the CPP legislation, decisions of the Pensions Appeals Board are exempt from further appeal to the federal courts.

In 1983 the Canadian Department of Health and Welfare prepared a profile of divorced spouses applying for credit-splitting, using applications filed in the provinces of Ontario and Nova Scotia as a sample. The results show:

1. of the 2,133 applications filed in Ontario and Nova Scotia, 2,102 (or 98.5 percent) were filed by women;
2. fifty-one percent of the applicants are over the age of 48;
3. eighty-four percent of the applicants live in urban areas as opposed to rural areas;
4. ninety percent of the applicants were married for 10 years or longer, although only 80 percent had cohabited for 10 or more years;
5. over 23 percent of the applicants were married between 30 and 50 years.

Proposals for Change

In December 1982, the Canadian government published a "green paper" on pension reform which proposed a number of changes in the CPP. 147/ Included in the government paper was a proposal to expand the credit-splitting program significantly.

Under the credit-splitting proposal, the splitting of CPP credits accrued during marriage would continue to be available upon application in the event of divorce, and would also be available in the following circumstances:

1. upon application by either spouse if the spouses have been separated for at least 3 years;
2. automatically in the event of the disablement of a lower-wage earning or nonwage earning spouse of an intact marriage;
3. automatically when the younger spouse of a married couple reaches age 65; and

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147/ The green paper also proposes numerous reforms of private pension plans, but these proposals are not discussed here. For a summary of the full range of the green paper proposals, see "Highlights from Canadian Government Green Paper: Better Pensions for Canadians," Social Security Bulletin, August 1983, pp. 19-23.

4. upon application by a surviving spouse for a CPP survivor's benefit at age 65. The survivor would receive a CPP retirement pension based on a split credit record and would inherit 60 percent of the deceased's actual or imputed CPP retirement pension based on a split credit record.

The green paper also proposes the replacement of current CPP survivor's benefits for those under age 65 with a bridging benefit equal to the OAS pension that would be payable for 3 years or for as long as the survivor has children under age 7 in his or her care. Alternatively, the bridging benefit could be spread out on an actuarially reduced basis over 10 years or until the survivor reaches age 65, whichever is the shorter period. At age 65, the survivor's pension described in 4., above, would become payable.

Other proposed reforms of the CPP include speeding up the current provision to raise the YMPE's to the level of the average industrial wage and raising the earnings-related portion of the CPP disability benefit from 75 percent of a contributor's imputed CPP retirement pension to 100 percent. 148/ The Canadian government estimates that the CPP reforms would result in a 1.3-percent increase in the combined contribution rate over the next 50 years.

In 1983, the Canadian Parliament established the Parliamentary Task Force on Pension Reform to review the green paper proposals, hold public hearings across Canada to assess public reaction to the proposed reforms, and report back to Parliament with recommendations for government action. In December 1983, the Task Force published its report which recommends that credit-splitting should be available in the following circumstances:

1. automatically in the event of marriage breakdown--marriage breakdown includes both divorce and separation, and also refers to the dissolution of common-law marriages. 149/ Credit-splitting could be waived within 1 year of marriage

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148/ The green paper also proposes implementation of the childrearing dropout provision, but this has already occurred. See note 3 and text accompanying.

149/ The Task Force does not explain how credit-splitting would occur "automatically" in these circumstances. It would appear that in the case of separation, for example, it would be necessary for at least one spouse to fulfill some reporting requirement for the government to know that a separation had occurred. It should be noted, however, that the Task Force recommendations are endorsements of general options and not specifically defined proposals.

breakdown by consent of both spouses if each had independent legal counsel;

2. automatically when the younger spouse of a married couple reaches age 65;

3. on an optional basis in the event of the disablement of either spouse in an intact marriage;

4. automatically when either spouse dies. [150] At age 65, or upon the death of the spouse, whichever is later, the survivor would receive a CPP retirement pension based on a split credit record and a survivor's pension equal to 30 percent of the deceased spouse's retirement pension after credit-splitting. Survivor's pension would also be available to divorced survivors. The divorced survivor's pension would equal 30 percent of the CPP retirement pension the deceased would have received, after credit-splitting, if the retirement pension were based only on earnings during years of marriage. Survivor's pensions would no longer be terminated upon remarriage.

The Task Force also recommended that the CPP be amended so as to provide for a homemaker pension. Under this proposal, CPP credits would accrue to a homemaker who is any year works only or mainly in the home to care for a spouse, a child under age 18 or a dependent and infirm adult relative living in the home. A homemaker with no attachment to the paid labor force would be credited with CPP pension credits equal to those accrued by a contributor in the labor force earning one-half the YMPE. (The YMPE would equal the average Canadian industrial wage under the proposals.) For a homemaker who works in the paid labor force but earns less than one-half the YMPE, the accrued CPP pension credits from paid employment would be topped up to one-half the YMPE. A homemaker who earns more than one-half the YMPE would accrue pension credits based on earnings, up to the YMPE, and would accrue no homemaker pension credits. CPP credits accrued under the homemaker pension proposal could qualify the homemaker for CPP retirement or disability benefits and could qualify the homemaker's spouse or dependents for CPP survivor's or dependent's benefits. Homemaker pension credits would be subject to credit-splitting. Homemaker pensions would be financed by an additional CPP contribution to be paid by the wage earning spouse of a homemaker, but contributions by low-income and single-parent families would be subsidized by the government.

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[150] It would seem that under this proposal, in the event of the death of the lower wage earner or nonwage earner, credit-splitting would occur automatically to the detriment of the surviving higher- or sole-wage earner and to the benefit of no one. The survivor would receive a higher survivor's pension than he/she would in the absence of credit-splitting, but this would not compensate for the loss in retirement benefits. It is not clear whether the Task Force intended to endorse this result.

In February 1984, in response to the Task Force's recommendations, the Canadian Federal Government included in its proposed budget some legislative proposals for amending CPP credit-splitting provisions. Specifically, the government proposed extending credit-splitting to the following circumstances:

1. upon application in the event of separation--the spouses would have to be separated for at least 12 months and either spouse would have to apply within 3 years following 12 months of separation;

2. upon application in the case of the breakdown of a common-law marriage;

3. automatically when the younger spouse of an intact couple reaches age 65.

As yet, the Parliament has taken no action on the proposals. To become law, the proposals require parliamentary approval as well as the approval of at least two-thirds of the provinces having at least two-thirds of the population.

Summary

The earnings-related component of the Canadian social security system was amended effective January 1, 1978, to include a voluntary credit-splitting on divorce program. Several aspects of the CPP allowed for an easy assimilation of the credit-splitting program, since it appeared that: (1) with respect to women, credit-splitting would produce many "winners" and virtually no "losers"; and (2) CPP program expenditures would not increase by the addition of a voluntary credit-splitting on divorce program. Since the adoption of the program, however, less than 2 percent of the eligible divorced spouses in Canada have applied for credit-splitting, causing critics to charge that the program has not accomplished its goal of improving social security protection for divorced nonwage earning and lower-wage earning spouses. The reason for the low takeup rate is not known, but several possible explanation have been offered, including: (1) the public may be generally unaware of the program; (2) there may be a lack of concern on the part of young divorcing spouses about potential social security benefits in the distant future; and (3) divorcing wives in need of immediate financial assistance may be accepting cash settlements in return for relinquishing their rights to credit-splitting. The Canadian Parliament is current considering legislative proposals for extending the availability of credit-splitting to contingencies other than divorce, including separation and when the younger spouse in an intact couple reaches age 65.

SECTION II

EARNINGS SHARING IN THE FEDERAL REPUBLIC OF GERMANY

Introduction and Overview

Earnings sharing for both public and private pension schemes in the event of divorce was introduced in the Federal Republic of Germany on July 1, 1977, as a result of the passage of the First Marriage and Family Law Reform on June 15, 1976. As stated in the introduction to the bill, the act takes into account:

> The changed social and economic conditions and particularly the evolution in the status of women by comparison with those existing when the Civil Code came into force in 1900, but also the new understanding of marriage as a partnership between spouses having equal rights and obligations.

The new marriage law is based on the concept of marriage as a partnership. This is reflected both in the application of the principle of equal rights during the marriage and in the consequences associated with divorce. If a marriage is dissolved by divorce, no attempt is made to decide who is at fault. The decisive factor now is whether the marriage is considered to have broken down; i.e. that the spouses no longer have a life in common and that it cannot be expected that they will resume a normal married life. Once the spouses have lived apart for 3 years, it is taken for granted that the marriage has failed; 1 year's separation is sufficient if both spouses are seeking divorce. If there is economic hardship or the interests of children are jeopardized, the marriage is, as an exceptional measure, not dissolved even if one of the parties is seeking divorce. However, if the spouses have been living apart for more than 5 years, this consideration no longer applies. In this case, the marriage can be dissolved despite the opposition of the party not wishing a divorce.

The concept of "no-fault" divorce has had an important impact on maintenance arrangements. The new law is formulated according to two guiding principles: after divorce, each spouse must, in theory, be responsible for his or her own maintenance. At the same time, the socially and economically weaker partner has rights to be guaranteed an "appropriate" level of protection to meet his or her needs. A divorced spouse can claim maintenance from the other so long as he or she cannot be expected to undertake gainful employment because of caring for a child of the marriage. There is also entitlement to maintenance if, on account of age, sickness or other infirmity, gainful employment is unlikely, or the divorced spouse is unable, after divorce, to find appropriate employment because of poor labor market conditions. The new marriage law gives the wife the right to undertake gainful employment during the marriage and an obligation to do so after divorce.

According to the German lawmakers, the sharing of pension rights in the event of divorce is to be seen as the logical application of the new approach to maintenance rights. It is widely hailed in Germany as one of the most important innovations in the post-war social security system and, more specifically, as the first step towards independent social security for the nongainfully employed spouse.

A number of factors may have contributed to the adoption of earnings sharing for pension credits by the Federal Republic and help to explain why the German approach remains virtually the only national social security system to mandate the splitting of credits in the event of marriage breakdown. These factors include the following:

1. It is doubtful whether earnings sharing for pensions would ever have been adopted if it had not been part and parcel of the even more sweeping reform of the marriage and family law. This approach is to be contrasted with that of other countries; e.g. Canada, where earnings sharing has been primarily a social security issue rather than a family law one.

2. The German family and divorce law covers the entire national territory, which is a very different situation from countries such as the United States which have different laws and practices governing divorce in the various States and legal jurisdictions.

3. Pension benefits under social security in the Federal Republic are calculated as flat percentages of revalued earnings, with the result that the application of split credit records results in virtually the same outlay as would result in the absence of credit-splitting. The financial burden of credit-splitting in the Federal Republic is probably related more to the added administrative functions than to increased benefit costs.

Before reviewing the provisions and experience of earnings sharing in the Federal Republic of Germany, this section provides in some background information on the German pension system, with particular reference to the treatment of women, and a brief overview of the historical development of earnings sharing. The section also reviews the specific provisions of the legislation and its effects since implementation. Finally, recent legislation and further proposals to correct certain of the "injustices" and problems caused in certain circumstances by earnings sharing are discussed. Generally speaking, the adoption and implementation of mandatory earnings sharing arrangements is considered to be a highly successful change in the German pensions system. There is, however, a growing concern with regard to the administrative burden placed on social security institutions as well as the complexity of the judicial decisions and administrative regulations being developed to apply the law. It is undoubtedly due to these considerations that proposals to extend mandatory earnings sharing to couples during their marriage years have not received more attention or support.

Characteristics of the German Public Pension System: The Situation of Women Beneficiaries

The German OASDI program covers wage earners and salaried employees under separate systems, but both schemes have virtually identical provisions for benefit entitlement and financing. Approximately 98 percent of the economically active population is covered by these two schemes. Miners, farmers, public employees and self-employed are covered under separate programs.

In spite of a highly decentralized administrative structure, all of the pension schemes base the amount of the retirement benefit directly on the length of insurance coverage and the level of earnings during the insured's working life. The earnings of the insured are adjusted each year by expressing the amount of earnings as a percentage of current average wages and salaries. These annual percentages are then averaged for the entire period of insurance coverage and applied to the formula, which employs an average of national wages and salaries for a 3-year period preceding the year in which the pension was claimed. The replacement rate aimed at is 60 percent of preretirement earnings after 40 years of insurance; that is, 1.5 percent of adjusted earnings for each year of insured coverage.

Since benefits directly reflect the level of earnings and length of coverage of the insured, there is no "bending" of the formula in favor of those with low earnings records as occurs under the U.S. Social Security program. There is a maximum pension obtainable as a result of the contribution ceiling but no provision for a minimum pension. Persons with low earnings or employment records marked by several interruptions will therefore be entitled to relatively low pension benefits which has important implications for women.

The normal retirement age for both men and women is 65, with a minimum of 15 years of coverage. There is no supplement to the pension for a dependent spouse, since the retirement benefit was traditionally conceived as being adequate for a couple. However, a supplement is paid for dependent children which amounts to one-tenth of the 3-year national earnings average used in computing the retirement benefit.

The treatment of the insured woman is basically the same as for the insured man, with two notable exceptions: (1) she can retire as early as age 60, and (2) the crediting of hypothetical pension contributions during certain periods of nonemployment is different for women than for men.

Since 1957, insured women have, by fulfilling certain conditions, been able to retire at age 60 rather than the normal age of 65, an option not yet enjoyed by insured men except in cases of prolonged unemployment. To qualify for the early retirement benefit, a woman must have at least 10 years of insured coverage during the 20 years of employment and must give up full-time employment. The amount of the pension will be lower than if she had continued to work until age 65, but there is no penalty for early retirement as is often the case in national pension programs.

The second exception regarding the treatment of insured women concerns periods when they are not required to make contributions but are credited with hypothetical contributions. The West German pension system has developed rather liberal regulations concerning these coverage periods spent in educational institutions and apprenticeships after age 16. Other periods of nonemployment which concern women include unemployment, extended illness and maternity. The major difference in the average benefits of insured women and men results from the use of earnings tables on which the hypothetical contributions are based. Reflecting the lower average earnings of women, the tables differ according to sex, with lower contributions being credited to insured women than men.

With respect to survivor's benefits, the West German system is frequently pointed to as being one of the most liberal since the widow can receive a pension benefit regardless of her age, income or family responsibilities. Furthermore, there are no restrictions regarding the length of marriage. The amount of the widow's pension does, however, vary according to her personal circumstances. A woman can qualify for the "larger widow's pension" if she is over age 45, an invalid or has dependent children. The "smaller widow's pension" is granted when the woman is less than 45 years of age and if she is neither an invalid nor responsible for supporting a child. The difference in the benefit amount between the two types of widow's pensions is considerable. The larger pension represents 60 percent of the total invalidity pension which the insured would have been eligible to receive at the time of his death, while the smaller pension represents 60 percent of the partial invalidity pension which he would have received. The difference is approximately 60 percent between the levels of the two kinds of widow's pensions. Upon remarriage, a widow loses her survivor's pension but receives a lump-sum benefit equal to 5 years of the pension she was receiving.

When the husband was being supported by his insured wife, he is eligible to receive the survivor's benefit. This is the case even when the husband is not considered to be disabled. In estimating whether the woman provided the main source of support for the family, account is taken not only of her earnings but also the assessed value of her work as a mother and a housewife. When both spouses qualify for an old-age benefit, the wife can draw both her own retirement pension and, upon the death of her husband, a widow's pension. In contrast, the widower, upon the death of his insured wife, continues to receive only his own retirement pension. This difference in the treatment of men and women with respect to survivor's pensions is undoubtedly one of the most controversial aspects of current pension policy in the Federal Republic. In March 1977, the Federal Constitutional Court declared that this difference in entitlement rights constituted a violation of the Constitution and ordered the legislature to adapt the protection of widows and widowers in the public pension insurance programs to the requirements of equality under the constitutional law. The Court set a time limit of 1984 for the law and implementing regulations to be in place. In spite of the fact that a number of specially appointed committees and working groups have considered this question with a view to proposing a solution to the equal treatment problem, the legislature has not been able to agree upon any of the approaches put forward. Between the choice of severely limiting the widow's current entitlements and extending similar rights to widowers, along with the heavy cost implications, the result has been an impasse which will most certainly not be resolved in time to meet the Court's order.

Another controversial aspect of the treatment of women in the West German social security system until 1977 was the situation of the divorced spouse. The vulnerability of uninsured women in the event of divorce was one of the chief motivations leading to the adoption of earnings sharing in 1977. Before the passage of this law, the regulations made no provision for a divorced woman to share in her former husband's retirement pension as long as he was still alive. When he died, a divorced woman could receive a widow's pension only if she was entitled to receive alimony from the insured at the time of his death. The widow's pension for the divorced woman was based on the number of years of marriage, and when the husband remarried, the benefit was divided among the surviving widows according to the duration of the respective marriages.

One of the significant changes of the 1977 Divorce Reform Law was to eliminate the survivor's benefit for ex-spouses, based on the assumption that credit-splitting provides each divorced spouse with independent social security protection. In its place the law set up a child-rearing benefit for widowed divorcees.

The ex-spouse is entitled to this new benefit if he or she fulfills the following qualifying conditions: (1) must not be remarried; (2) caring for at least one child eligible for an orphan's benefit; (3) cannot find gainful employment because of child-rearing responsibilities; and (4) must have made 5 years of social security contributions prior to the death of the ex-spouse.

Although the child-rearing provision for divorced persons was considered to be an important new benefit, the stringent qualifying conditions have severely limited the number of recipients. In fact, it is generally accepted that a significant number of divorced widows with children are currently receiving less in the form of social security benefits than before the earnings sharing reform was implemented, since they formerly would have benefited from as much as 60 percent of the deceased husband's pension rights.

Historical Development of Earnings-Sharing Legislation

The public debate concerning earnings sharing under the social security system first emerged in the 1960's, when draft legislation was introduced by the Federal Minister of Justice. In these early bills, earnings sharing was to be effected on the basis of "contract law"; that is, the adjustment would have been carried out directly between the spouses at the time of divorce and not by the pension insurance institutions.

In 1969, the Technical Advisory Committee to the Ministry of Family and Youth presented a report which was widely discussed and undoubtedly influenced the shape of the reform which was ultimately adopted. The Technical Advisory Committee strongly criticized the approach of improving the pension rights which the woman derived from her husband's insurance record. Their report pointed out that this approach could not solve the problem of combining rights gained from employment with those derived from the husband. An even more important objection, in their opinion, to this traditional approach was that it was not based on a recognition of the value of the work of the housewife and mother, which should be equated more with the work of men and women in employment.

Among their recommendations, which were based on the concept of community property, were the following proposed changes:

1. The retirement pension for a married couple would be based on family rather than individual contribution records. Taking into account periods before marriage, the pensions of the husband and wife would be combined, regardless of who had made the highest contributions.

2. Married persons would make a pension contribution based on their family income and circumstances. If the woman remained at home to care for children, she would be credited with contributions paid by the pension funds, but the husband would be required to pay contributions on her behalf if she did not become employed after the children had reached a specified age.

3. In the event of divorce, each spouse would have the right to half the contributions paid from the time of marriage. The survivor's pension would continue to be paid to older spouses and those with family responsibilities, but younger widows without family responsibilities would no longer receive a benefit.

The proposals were criticized as being impractical, since they would have required a vast structural reform of the pension insurance system. Moreover, the proposals raised certain issues which were unlikely to be resolved. For example, if the contributions for a family were to be higher than those for a single person, would the employer also be expected to pay the higher contribution? The retirement benefit for a married couple would be higher than for a single person, but how much higher?

The next important step was the list of reform proposals, known as the "Arendt Proposals," made public by the then Minister of Labor and Social Affairs in 1971. Although far less radical than the proposals of the Technical Advisory Committee, three of the proposals directly related to the status of women under German social security. Briefly stated, the three proposals were:

1. to credit an insured woman with an additional year of insurance for each child borne to her. This was intended as partial compensation for periods during which women drop out of employment to care for children;

2. to extend voluntary pension insurance to all nonemployed women and to the wives and family members working as nonsalaried "helpers" in a family enterprise. The insured would have the opportunity to pay retroactive contributions for a certain number of years in order to fulfill the minimum qualifying period of 15 years. The level of contributions would be fixed in accordance with total family income, and

3. to split pension contribution credits between the spouses in the event of divorce.

While the "baby credit" was never adopted, both voluntary affiliation and earnings sharing eventually became law. The legislative history of credit sharing is extremely complicated during the period 1971 through 1977, as successive bills were submitted to the West German legislature but failed to gain the necessary votes. One of the obstacles to the passage of earnings sharing proved to be the difficulty of handling the sharing of pensions credits when one of the spouses had earned credits from a civil service scheme; in the Federal Republic these credits are noncontributory but would have to be transferred in the event of divorce to the spouse's account in the social security scheme. Problems arose because the two kinds of credits are not analagous since the social security Federal Republic's program is financed by contributions. This particular situation is known under the German system as "quasi-splitting."

Although the regulations on earnings sharing for pension credits went into force in 1977, there has been a steady stream of court decisions and legislative actions aimed at clarifying the rights of marriage partners and streamlining the administrative procedures involved. In a decision of 1980, the highest court in Western Germany, the Federal Constitutional Court, declared that the principle of earnings sharing for both public and private pensions did not violate the principles of the Constitution. At the same time, the Court charged the legislature with the task of legislating supplementary regulations to overcome certain "hardship" cases created by the law. These new regulations entered into force in 1983 and, along with the basic 1977 law, form the basis for implementing earnings sharing in the Federal Republic. All sections of the implementing regulations are, however, considered to be temporary and will expire at the end of 1986. At that time, the legislature will, based on actual experience, adopt the final regulations to govern earnings sharing.

Current Provisions and Effects of Earnings Sharing

The Principle of Sharing of Pension Rights

The sharing of rights is based on the principle that pension entitlements acquired during a marriage belong in equal parts to both spouses. This sharing is achieved in the following three ways:

True splitting: This procedure provides for the transfer of pension credits from the insurance records of the spouse with the greater amount of contributions to the insurance record of the spouse with an inferior or nonexisting amount of contributions during the years of marriage. Credits corresponding to half of the difference in value are transferred to the spouse with the lower entitlement.

Example:	Husband's pension entitlement	1000 DM monthly [151]
	Wife's pension entitlement	400 DM monthly
	In this case the husband has the higher pension entitlement. He must therefore transfer to his wife a pension entitlement corresponding to half the 600 DM difference in value; i.e.	300 DM

Quasi-splitting: If a spouse earns noncontributory pension rights from employment as a public official (federal, state or municipal government), the spouse with the lower entitlement acquires credit in the regular social security scheme for salaried or blue collar workers through the transfer of credits. In this case, as well, the pension entitlement of the spouse liable for providing the pension credits is reduced correspondingly.

Example:	Husband's pension entitlement	500 DM monthly
	Husband's civil service pension	300 DM monthly
	Wife's civil service pension	300 DM monthly
	The first step is to equalize the earned pension entitlement between the husband's social security pension and the wife's public service pension, which results in a difference of 200 DM, half of which is transferred to the wife's pension account, i.e.,	100 DM
	For the remaining difference in value under the husband's civil service pension, pension credits amounting to half the civil service pension have to be transferred to the wife into an insurance account established with the social security system, i.e.,	150 DM

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[151] DM is the abbreviation for deutsche mark; 1 DM is currently equivalent to about $0.32.

Crediting-sharing under contract law: In certain cases, it is impossible to transfer rights from one spouse to another, either in a public pension scheme or an employer's pension scheme, for a variety of reasons, including the following:

- the persons entitled to benefit credit sharing may already be drawing an old-age pension or have already attained a maximum benefit amount during the years of marriage;
- pension benefits under the employer's old-age pension scheme have to be taken into account for the sharing of credits, but at the time of divorce it may be impossible to calculate the value of such benefits; or
- the spouses have agreed in a premarital contract to the settlement of all earnings-sharing claims to be done under contract law rather than through the pension institutions concerned.

In the case of earnings sharing under contract law, the settlement does not occur at the time of the divorce, but rather exists as a "debt" payable by the person liable for providing credits to the person entitled to receive credits. Normally this "debt" would be settled when the person receiving credit becomes eligible to receive the pension benefit concerned.

Preemption of Earnings Sharing Through a Marriage Contract

The spouses can preclude the sharing of pension rights through an explicit agreement contained in the marriage contract. This possibility is, however, null and void if a petition for divorce is filed within 1 year following the conclusion of the marriage contract. Furthermore, spouses may conclude an agreement, at the time of the divorce, concerning the sharing of pension rights. This agreement must, however, be certified by a notary and receive the approval of the family court. The family court may disapprove of such an agreement if the terms do not provide an adequate guarantee for the beneficiary in the event of work incapacity and old-age.

Legal Obligation to Provide Information on Benefit Entitlements

Social security institutions, private insurance carriers, employers' pension funds and other bodies responsible for pensions have a legal obligation to provide the family court, upon request, with the necessary information regarding the benefit entitlements acquired during the period of marriage. The actual calculations of earnings sharing are, therefore, performed by the various pension bodies and then transmitted to the family court.

Effects of Earning Sharing Implementation

According to the latest available statistics which cover the period 1977-1982, a total of 272,431 cases have been handled by the family courts involving the transfer of pension credits. The breakdown according to the type of earnings sharing was as follows:

True Splitting	256,788
Quasi-Splitting	5,279
Credit-Sharing Under Contract	10,364
Total:	272,431

By far the most significant number--95 percent of the total--involved the transfer of credits from insured men to their spouses.

Average Amount of Credits Transferred in 1982

The statistics for 1982 indicate that the financial impact of earnings sharing has not been as important as the early critics predicted. In 1982, the family court settled nearly 43,000 cases of earnings sharing. In approximately 95 percent of the cases, the husband was obliged to transfer pension credits to his former wife, but the average monthly amount of the transfer amounted to only 155 DM ($51.60). Approximately 1,800 women were obliged to transfer credits in favor of their ex-husbands, but this monthly amount was on average only 51 DM ($17). As expected, the average amount of the monthly benefit transferred by the family court is sharply correlated with the age of the partners involved--the older the partners at the time of divorce, the higher the average amount of the transfers. For example, for persons divorcing between ages 60 to 65, the average transfer from the husband to the wife was 313 DM ($101) in 1982.

Clearly, the financial impact of earnings sharing has not been as dramatic as originally predicted, when the claim was often heard that the division of pension credits would cause both partners to resort to social assistance in their old age. The reality is more modest as indicated by the 1982 statistics which relate average earnings sharing transfers to average pensions of wage and salaried workers. The average earnings sharing transfer of 155 DM monthly represented 12 percent of the average wage earner's pension and 18 percent of the average salaried worker's pension. The positive contribution of earnings sharing is more self-evident when the situation of women pensioners is examined. When one considers that the average pension for a female beneficiary was

448.50 DM ($149.50) monthly in 1982 for the wage earner scheme and 735 DM ($245) for the salaried worker scheme, the importance of the average 155 DM earnings sharing transfer for these workers emerges more clearly.

The statistical results for earnings sharing in 1982 also revealed two rather surprising sets of figures. The first set of statistics is concerned with the age of insured persons at the time of divorce. In the Federal Republic, nearly 40 percent of the divorces occurring in 1982 involved persons between the ages of 35 and 45. More specifically, the average age of men divorcing in 1982 was 40 years and of women 36 years. The relatively older population involved at the time of divorce and the implications for social security policies clearly merits further study and comparisons with the experiences of other countries.

A second set of very interesting, although perhaps not so surprising, statistics relate to the number of insured persons who took advantage of the option to reimburse the pension funds for the amounts that had been transferred to their ex-spouses. As of 1982, only 423 insured persons out of a possible total of over 200,000 candidates had actually taken steps to reimburse the amounts deducted from their insurance records due to earnings sharing. The option is obviously expensive, and even prohibitive for most insured persons, since the average reimbursement in 1982 was approximately 3180 DM ($1,060) and the highest payment made during the year was over 89,000 DM ($29,666).

Implications of Earnings Sharing for Pensions Administrations

Among German social security officials, there is growing concern about the administrative burden of processing earnings sharing cases. In 1978, The Federal Insurance Institution for Salaried Employees received about 50,000 requests for earnings sharing calculations from the family courts. By 1982, this number had swelled to 92,000 requests. In the pensions scheme for wage earners, the figures were about 20 percent higher due to the larger number of insured persons covered. In most cases, the processing of the calculation requests is fairly labor intensive, since it is necessary to account for all of the years, either in employment or not, during the years of the marriage being dissolved. Initially, the processing time was an average of 120 days per case, but this has now been cut to about 70 days at present.

After the information on the transfer of pension credits is transmitted to the family court, a formal decree is made regarding all community property rights. Appeals against the decisions of the family court are admissible, and since the rights of the pension institutions can also be impaired by the decision, the institution is entitled to appeal. The review by the pension institutions of the 50,000 to 60,000 decisions made by the courts each year also represents a time-consuming task. It should, however, be noted that appeals by the pensions institutions have been rather rare, representing slightly less than 1 percent of all court decisions regarding earnings sharing.

Policy Issues Regarding Earnings Sharing in the Federal Republic

The "Hardship Law" of 1980

As previously indicated, the German legislature has already taken steps to correct certain of the more pressing problems created by earnings sharing. The amending legislation, known as the "hardship law" of 1980, is transitional in nature and will expire in 1986. It is consequently expected that the next amendment to the earnings sharing legislation will more be comprehensive in tackling the problems that have come to light in administering the earnings sharing requirement.

The principal thrust of the 1980 law is to protect the social security rights of the divorced person obliged to transfer pension credits to his or her ex-spouse; the provisions are retroactive to 1977, the date of the introduction of earnings sharing. According to the 1980 law, the spouse required to provide credits does not have to accept a reduced pension in every case. An exception to the earnings sharing requirement can be made, for example, in the following cases:

- The pension credits of divorced persons are not reduced if the person entitled to receive pension credits had died or if he or she had only received benefits for a period of not more than 2 years. In the latter case, the credits are returned to the insurance record of the spouse providing credits, but an adjustment is made to take account of the benefits already paid to the former spouse.

- The spouse required to provide pension credits may also receive a full pension if the person entitled to credits has not yet become a beneficiary and is dependent on the alimony payments of the person required to provide pension credits. This provision is aimed at correcting the anomalous situation which would arise when a pensioner's benefit has been reduced due to earnings sharing but he or she is still obliged to pay alimony to the ex-spouse, who is not yet a beneficiary.

- The law also provides for the earnings sharing requirement to be waived when the amounts involved in the transfer would be

> too small to provide any reasonable protection to the recipient of pension credits. Pension credits are consequently returned to the spouse having provided such credits if it is established that the transfer is equivalent to less than 2 years of benefit payments at current rates.

It is interesting to note that the authority to decide whether a divorced person has the right to a reinstatement of his/her pension credits in the cases cited above rests with the social insurance institutions and not the family courts. The insured person must, however, take the initiative to make an application for the restoration of such credits.

Current Issues Regarding Earnings Sharing

The following issues will figure prominently in the discussions leading up to the replacement of the "hardship law" in 1986:

o **Situation of the Divorced Survivor**

Before earnings sharing was adopted, the ex-spouse had no rights to a retirement benefit as long as her ex-husband was still alive. She did, however, have rights to a divorced survivor's benefit upon the death of the ex-spouse, if she had been receiving alimony. This benefit represented approximately 60 percent of his retirement pension, which was divided among the surviving spouses if the deceased pensioner had remarried. The new legislation is clearly a positive step forward in that it creates pension entitlements, through the transfer of credits, for the divorced spouse who may never have been employed or only worked for brief intervals during her former marriage. On the other hand, depending on the length of marriage and the earnings level of the former spouse, the divorced survivor could be in a less favorable situation than before earnings sharing was introduced, since the transfer of credits could represent significantly less than the 60 percent of the benefit she formerly received. The debate regarding the situation of the divorced survivor is, however, unlikely to be resolved until the German legislature is able to agree upon amendments to meet the Constitutional Court's requirement regarding the equal treatment of male and female survivors of intact marriages under old-age pension schemes.

o **Elimination of Rights to Disability Protection**

One of the original motivations of the earnings sharing legislation was to create an independent right to disability protection for the nonemployed spouse. However, as a result of amendments to the disability legislation in 1984, the claimant must have been in insured status during at least 36 calendar months during the last 60 months to be eligible for a benefit. This requirement will therefore eliminate the rights to a disability benefit for nonemployed persons whose claim is based on pension credits obtained through earnings sharing. The amendment was not specifically aimed at this category of potential claimants but was rather conceived as a cost control measure for the disability program in general. Unless divorced persons have established an adequate insurance record on their own account, they will henceforth have to turn to the social assistance program in the event they become disabled.

o **Divorces Involving Non-German Partners**

One of the most insoluable problems raised by earnings sharing is the treatment of persons who were either married under foreign law or who are German citizens but divorced under foreign law. A further complication occurs if the divorce occurs when one of the partners is non-German and no longer living in the Federal Republic. The basic difficulty is clearly that of reconciling the requirements of domestic legislation with the international treaties and agreements which the Federal Republic has with other countries.

If, for example, an Italian couple married in Italy but residing in the Federal Republic should seek a divorce, the German court would apply the regulations of the Italian divorce law in making the settlement. In this case, the partners would not benefit from any earnings sharing arrangements, since there is no equivalent legislature in Italy. Moreover, if the spouse responsible for paying alimony later dies, the divorced survivor would not be eligible for any social security benefit under German legislation, since the survivor's benefit for divorced persons has been replaced by earnings sharing.

When one of the divorced partners is a foreigner and living abroad, it is often virtually impossible for the German courts to obtain reliable information about the pension entitlements the spouse has earned abroad in order to proceed with the earnings sharing settlement. This has, for example, proved to be difficult in the case of divorces involving U.S. military personnel who have married German citizens during their tour of duty in the Federal Republic.

- **Differences in Treatment of Benefits Arising from Earnings Sharing**

  In a social security system as complex as that of the Federal Republic, it is inevitable that differences and, in certain cases, contradictory practices, have resulted from the earnings sharing regulations. One of the frequently cited contradictions concerns the difference in treatment of pension entitlements in the event of remarriage. While a surviving spouse is no longer eligible to receive her widow's benefit upon remarriage, the divorced spouse who has benefited from the transfer of credits can continue to benefit from such credits regardless of whether or not she remarries. The problem here is the basic difference in treatment of benefits derived from the deceased husband's insurance record (e.g., survivor's benefits) and benefits based on an independent insurance record, even those part of the record may have been gained through earnings sharing.

  Another contradiction arises from the difference in tax treatment of pension benefits. Whereas the pensions of civil servants are taxed at a higher rate due to the noncontributory nature of these pensions, the pensions of social security beneficiaries are taxed at a lower rate. The problem arises, however, when pension credits are transferred from the civil service program to the general social security system, resulting in a tax windfall, albeit modest, for the recipient.

  Finally, it should be noted that the benefit adjustment mechanisms vary significantly from one pension scheme to another in the Federal Republic, with the result that once pension credits are transferred to another program, the revalorization of contributions and post-entitlement adjustment of benefits for cost-of-living increases will be carried out in a variety of ways. Tackling this problem would, however, involve a major reform of the entire social security system.

Summary

Mandatory earnings sharing in the event of divorce was introduced for both social security and private pensions by the Federal Republic of Germany in 1977. From 1977 until the end of 1982, a total of 272,431 earnings sharing cases were processed by the pensions institutions and transmitted to the courts for settlement. Nearly 95 percent of these cases involved the transfer of pension credits from the male partner to the insurance record of his former spouse. The average amount of pension credits transferred by insured men to their ex-spouses was equivalent to an additional monthly amount of 155 DM ($51.60) in 1982, which represented 12 percent of average pension benefits for male beneficiaries in the wage earner scheme and 18 percent for male beneficiaries in salaried workers scheme. In 1982, only 1,800 women were obliged under earnings sharing to transfer pension credits to their ex-husbands, which amounted to an average monthly benefit of 51 DM ($17). Based on the 6 years of experience for which statistical information is available, earnings sharing has not, therefore, resulted in substantially lower pension benefits for the insured person obliged to transfer credits to his/her former spouse, which had been the principal point of opposition before earnings sharing was adopted.

There is general agreement in the Federal Republic that the introduction of mandatory earnings sharing has made a significant contribution to raising the level of social security protection for divorced women. Implementation of the law did create, however, certain "hardship" cases for certain categories of insured persons, which were the object of a subsequent and temporary law due to expire in 1986. The Constitutional Court has charged the legislature with the task of evaluating the earnings sharing experience to date with a view to adopting final implementing regulations by the end of 1986.

There is growing concern in the Federal Republic concerning the complexity of the judicial decisions and administrative decrees, which are rapidly being formulated to cover the variety of personal and professional circumstances of the divorced persons affected by earnings sharing. The administrative burden placed on pension institutions by earnings sharing has been considerable and is not expected to diminish in the future as more comprehensive regulations are developed and as the divorce rate continues to rise in the Federal Republic.

APPENDIX L
GLOSSARY

Actuarial reduction. Reduction in monthly benefit amount payable (1) from ages 62-64 if the beneficiary is a retired worker, a spouse or a divorced spouse of a retired or disabled worker (whose entitlement is not based on having a child beneficiary in care); (2) from ages 60-64 if the beneficiary is a widow(er), or a surviving divorced spouse. The reduction is made to take account of the longer period over which the benefit will be paid.

At the time of award, the following reductions in benefit amounts are made for--

> **a retired-worker:** 5/9 of 1 percent for each month of entitlement before age 65 (maximum reduction of 20 percent at age 62);
>
> **a spouse or divorced spouse:** 25/36 of 1 percent for each month of entitlement before age 65 (maximum reduction of 25 percent at age 62); and
>
> **a nondisabled widow(er) or surviving divorced spouse:** 19/40 of 1 percent for each month of entitlement before age 65 (maximum reduction of 28.5 percent at age 60).

The benefit continues to be paid at a reduced rate even after age 65, except that the reduced rate is refigured at age 65 for all beneficiaries and also at age 62 for a widow(er) and a surviving divorced spouse to omit months for which the reduced benefit was not paid.

The Social Security Amendments of 1983 provide for gradually increasing the age at which unreduced benefits for retired workers, spouses and widow(er)s are first available--from 65 to 67 beginning in the year 2000.

Benefits for retired workers and their spouses will continue to be available at age 62 after 1999, but, in addition to the reductions described above for the first 36 months of entitlement before age 65, benefit amounts will be further reduced by 5/12 of 1 percent for each additional month of early retirement. For widow(er)s, the maximum reduction at age 60 will remain at 28.5 percent, as under present law, with a proportional rate of reduction of widow(er)s who become entitled between age 60 and the retirement age that applies to them.

See "Benefit reduction," for disabled widow(er)s and disabled surviving divorced spouses.

Aged beneficiary. A person who qualifies for benefits on the basis of age rather than on the basis of disability or of having a child in care.

Auxiliary benefit. Monthly benefit payable to a spouse or child of a retired or disabled worker or to a survivor of a deceased worker based on that worker's earnings.

Average indexed monthly earnings (AIME). The amount of earnings used as the basis for determining the basic benefit amount--primary insurance amount (PIA)--for most workers who attain age 62, become disabled, or die after 1978. A worker's earnings are "indexed" so that they reflect their value relative to national average wages in the indexing year (the second year before the year the worker becomes 62, becomes disabled or dies). Indexing a given year of earnings is accomplished by multiplying the worker's earnings in that year by the ratio of (1) the national average wage in the indexing year to (2) the national average wage in the year being indexed. Only years after 1950 and up to the indexing year are indexed--earnings after the indexing year are counted at the nominal value. Once the earnings are indexed,

1. the 5 years of lowest (or zero) earnings are dropped from the number of years elapsing after 1950 (or age 21, if later), and up to the year of a worker's death, disability or attainment of age 62; 152/ and then,

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152/ In general, 5 years are eliminated; however, there are exceptions:

a. Since at least 2 years must be used in calculating the AIME, there are certain survivors' cases where fewer than 5 years will be dropped, e.g., a worker who reaches age 21 in 1979 and dies in 1984 will have only 2 years dropped since 2 years must be used in calculating the AIME.

b. For workers becoming entitled to disability benefits after June 1980, the number of years dropped ranges from 0 to 5 years and varies by the age of the worker in the year he or she became disabled. Additional childcare dropout years can be provided in disability cases (up to a combined total of three regular and childcare dropout years) for years in which the worker had no earnings and had his or her child or a spouse's child under age 3 living with him or her.

2. the remaining years of earnings are totaled and divided by the total number of months in those years to obtain the average indexed monthly earnings. (Earnings in or after the year the worker reaches age 62 can be substituted for earlier, lower years if doing so will raise the average.)

Basic benefit amount. Same as "Primary Insurance Amount."

Bend points. The dollar amounts defining the average monthly earnings (or AIME) brackets in the benefit formulas. (See primary insurance amount (PIA) and maximum family benefit (MFB)).

Beneficiary. A person who has been awarded benefits on the basis of his or her own or another's earnings record, whether or not he or she is actually receiving benefits.

Benefit reduction. Reduction in monthly benefits payable, in case of disability, from ages 50 to 59 if the beneficiary is a widow(er) or surviving divorced spouse. This reduction is not actuarial. The reduction in the benefit amount for a disabled widow(er) or surviving divorced spouse under age 60 is 28.5 percent.

Benefits in current payment status. Benefits actually being paid for a given month to all beneficiaries on the Social Security rolls.

Benefits awarded. The number of persons receiving favorable determinations (referred to as "awards") on applications for monthly benefits. This term is used to distinguish the number of newly entitled beneficiaries as opposed to the number of those on the rolls.

Benefits withheld. See "Withholding."

Child's benefit. A monthly benefit payment to a child (including a stepchild) or an eligible grandchild of a retired or disabled worker or of a worker who died fully or currently insured.

Child-in-care benefit. See "Mother's or Father's benefit" and "Spouse's benefit."

Continuing disability investigation (CDI). An investigation made to determine whether a disabled beneficiary continues to be disabled within the meaning of the Social Security law.

Contribution and benefit base. Annual dollar amount ($37,800 in 1984 and $39,600 in 1985) above which earnings in covered employment are neither taxable nor creditable for benefit-computation purposes.

Contributions. The amount based on a percent of earnings, up to the contribution and benefit base each year, that must be paid by--

1. employers and employees on wages from employment under the Federal Insurance Contributions Act,
2. self-employed individuals on net earnings from self-employment under the Self-Employed Contributions Act, and
3. States on the wages of State and local government employees covered under the Social Security Act through voluntary agreements under section 218 of the act.

Covered employment. Employment and self-employment which is creditable and taxable under the Social Security Act. Almost every kind of employment and self-employment is covered under the program. However, in a few employment situations (for example, State and local government employers, religious orders under a vow of poverty, or foreign affiliates of American employers) coverage must be elected.

Delayed retirement credit. A monthly credit due a worker for delaying retirement after attaining age 65 provided the worker (1) is fully insured, (2) has attained age 65 but is not yet age 70 (age 72 before January 1984), and (3) does not receive benefits for one or more months because he or she has not filed an application or has substantial earnings from work. Each monthly credit serves as a basis for increasing the monthly benefit (except for a special minimum benefit) by one-twelfth of 1 percent for workers who attained age 62 before 1979 and by one-fourth of 1 percent for workers attaining age 62 after 1978. (Under a provision of the 1983 amendments, the delayed retirement credit will gradually rise from the current 3 percent per year to 8 percent per year between 1990 and 2009.) A surviving (including divorced) spouse is entitled to the delayed retirement credits his or her spouse had been, or would have been, entitled to at the time of death.

Disability. To be eligible for disability insurance benefits a person must be unable to enage in substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than 12 months.

Except in certain cases involving second and subsequent periods of disability, the law requires that a person be disabled continuously for 5 full calendar months before he or she can qualify for a "period of disability" or a disabled-worker benefit.

Disabled child's benefit. A monthly benefit payable to a disabled person age 18 or older--an eligible child or eligible grandchild of a retired, deceased, or disabled worker--whose disability began before age 22.

Disabled surviving divorced husband's benefit. See "Widow(er)'s benefit."

Disabled surviving divorced wife's benefit. See "Widow(er)'s benefit."

Disabled widow's benefit. See "Widow(er)'s benefit."

Disabled widower's benefit. See "Widow(er)'s benefit."

Disabled-worker benefit. A monthly benefit payable to a worker under age 65 who is insured for disability and for whom a period of disability has been established by SSA.

Divorced husband's benefit. See "Spouse's benefit."

Divorced wife's benefit. See "Spouse's benefit."

Dual entitlement. Entitlement to, and actual receipt of, two types of benefits for the same month.

Entitlement to a retired-worker or disabled-worker benefit and an auxiliary benefit results in dual entitlement only if the auxiliary benefit is larger. A woman may, for example, be entitled to payments both as a retired worker and as a spouse. In such cases, the beneficiary receives his or her own worker's benefit in full, and the auxiliary benefit is paid only to the extent to which it exceeds the worker's benefit. Thus, the person is paid an amount equal to the higher of the two benefits.

Entitlement to two auxiliary benefits generally does not result in a dual entitlement because usually only the larger benefit is payable.

Earnings. Unless otherwise qualified, this term includes all wages from employment and net earnings from self-employment, whether or not taxable or covered by Social Security.

Earnings test. The provision requiring the withholding of benefits from beneficiaries under age 70 who have earnings in excess of the annual exempt amount in any year. (Also sometimes referred to as the retirement test.)

Eligible for benefits. A worker is eligible (whether or not he/she has filed an application): for retirement benefits, when he or she meets the insured status and age requirements for those benefits; or for disability benefits, when he or she meets the insured status requirements for those benefits and a period of disabiity has been established for the worker. A person is eligible for an auxiliary benefit when he or she meets the age and relationship requirements for a particular benefit and if appropriate, has had a period of disability established.

Entitlement to benefits. A person is entitled to benefits when he or she has met all the eligibility requirements for the benefit and has filed an application for that benefit.

A person can be entitled to one benefit, to two benefits simultaneously (dual entitlement) or, in a few cases, to three benefits simultaneously.

Family benefit. The sum of the individual monthly benefits payable to all the beneficiaries entitled on the basis of a single earnings record. See "Maximum family benefit."

Father's benefit. See "Mother's or Father's benefit."

Grandchild's benefit. See "Child's benefit."

Husband's benefit. See "Spouse's benefit."

Insured status. Having sufficient quarters of coverage to meet the eligibility requirements for benefits. See "Quarters of coverage."

- **Currently insured.** A worker has at least six quarters of coverage during the 13-quarter period ending with the calendar quarter in which the worker (1) died, (2) became entitled to retired-worker benefits or (3) most recently became entitled to disabled-worker benefits.

- **Fully insured.** A worker has at least one quarter of coverage (whenever acquired) for each year elapsing after 1950 (or the year in which the worker attained age 21, if later) and before the year in which he or she reaches age 62, dies, or becomes disabled. A minimum of six quarters of coverage is required. The maximum number of quarters of coverage required is 40.

- **Insured in event of disability**. A worker who is fully insured and has at least 20 quarters of coverage during the 40-quarter period ending with the quarter in which the worker became disabled. A worker disabled before the quarter in which he or she attains age 31 is insured for disability if half the quarters in the period beginning with the quarter after the one in which the worker reached age 21 and ending with the quarter in which the worker became disabled are quarters of coverage. A worker disabled before the quarter in which he or she attains age 24 is insured if he or she has six quarters of coverage in the 12-quarter period ending with the quarter of disablement. A worker disabled by blindness needs only fully insured status to be insured in event of disability.

- **Permanently insured**. A worker has at least the number of quarters of coverage that is needed to become eligible for a retired-worker benefit.

Lump-sum death benefit. A lump sum of $255 payable on the death of a fully or currently insured worker. The lump sum is payable to:

1. the spouse who was living with the worker at the time of death; or, if there is no such spouse, to

2. a spouse eligible for monthly benefits (excluding a surviving divorced spouse) for the month of death; or, if there is no such spouse, to

3. a child (or children) eligible for monthly benefits for the month of death.

Maximum family benefit. The maximum monthly amount that can be paid on one worker's earnings record. Whenever the total of the individual monthly benefits payable to all the beneficiaries entitled on one earnings record exceeds the maximum, each auxiliary benefit is proportionately reduced to bring the total within the maximum. In computing the total of the individual monthly benefits for entitlements based on a single earnings record, a benefit payable to a divorced spouse or to a surviving divorced spouse is not included. Such benefits thus affect neither the necessity for, nor the extent of, the reduction in other auxiliary benefits.

In retirement and survivor cases, the maximum family benefit is computed directly from the PIA. For workers who first become eligible for benefits in 1985, the maximum family benefit equals:

150 percent of the first $358 of the PIA, plus
272 percent of the PIA over $358 thru $517, plus
134 percent of the PIA over $517 thru $675, plus
175 percent of PIA in excess of $675.

The dollar amounts (See "Bend points") in the formula are adjusted annually to changes in average wages in the economy.

In disability cases, the limit on family benefits is computed under different rules (established by the Social Security Disability Amendments of 1980). The limit is equal to the lesser of 85 percent of the worker's AIME or 150 percent of his PIA, but never less than the worker's PIA. Thus, at very low earnings levels the limit equals the PIA so that no benefits are payable to any auxiliary beneficiaries. At higher levels some benefits are payable to auxiliary beneficiaries of disabled workers, but the total family benefits never can exceed 150 percent of the PIA.

Monthly benefit amount. The amount payable after reduction, if necessary, for age, family maximum and other reasons but before any deduction for supplementary medical insurance premimums.

Mother's or Father's benefit. A monthly benefit payable to an unmarried widow(er) or surviving divorced mother or father, if (1) the deceased worker on whose record the benefit is paid was either fully or currently insured at the time of his or her death and (2) an entitled child of the worker who is under age 16 or disabled is in the mother's or father's care.

Old-age benefit. See "Retired-worker benefit."

Parent's benefit. Monthly benefit payable to a parent (aged 62 or older) who was receiving at least one-half support from a fully insured worker prior to the worker's death.

Percent of taxable payroll. For purposes of measuring the net cost of a legislative proposal, a measure of the change in the combined employer-employee tax rate that would be needed to finance the proposal for that year or period of years. (A saving is represented by a negative cost as a percent of taxable payroll.)

Period of disability. The period of time (at least 5 continuous months) during which a worker who has disability insured status is under a disability as defined in the Social Security law. See "Disability."

Primary insurance amount (PIA). The basic benefit amount, derived from a worker's average indexed monthly earnings (AIME), is the amount on which all types of benefits payable on that worker's earnings record are based. A retired worker who begins to receive benefits at age 65 or a disabled worker who has never received a retirement benefit receives an amount equal to the primary insurance amount.

The PIA is computed from average indexed monthly earnings (AIME) through a formula that is specified in the law. The formula is automatically updated each year for newly eligible workers. For workers eligible in 1985, the PIA is equal to:

90 percent of the first $280 of AIME, plus
32 percent of the AIME over $280 thru $1691, plus
15 percent of AIME in excess of $1691.

The dollar amounts (See "Bend Points") in the formula are adjusted annually to changes in average wages in the economy.

Quarters of coverage (QC). The measure used to determine whether a person has worked long enough in covered employment or self-employment to be insured for Social Security benefits. A person may earn up to 4 QC's in a calendar year, depending on his or her total annual covered earnings. The amount of earnings needed to earn a QC ($410 in 1985) increases automatically as wage levels increase. See "Insured status."

Reduction for early retirement (also referred to as "reduction for age"). See "Actuarial reduction" and "Benefit reduction."

Retired-worker benefit (also referred to as "old-age benefit"). Monthly benefit payable to a fully insured retired worker age 62 or older.

Retirement test. See "Earnings test."

Self-employment. Operation of a trade or business by an individual or by a partnership in which an individual is a member.

Social Security number (SSN). Number issued to a person by the Social Security Administration, used to keep a record of earnings and of benefits based on these earnings. Taxable wages and net earnings from self-employment are credited to a worker's record under his or her Social Security number.

Special minimum benefit. An alternative PIA based on the worker's length (years) of covered employment not on his or her average earnings under Social Security. It is designed to help those people who worked in covered employment for many years but had low earnings. The amount of the special minimum is computed by multiplying the number of years of coverage in excess of 10 and up to 30 by $11.50, and increasing the resulting amount by all automatic cost-of-living increases after 1978. The number of years of coverage equals the number obtained by dividing total creditable wages in 1937-50 by $900 (with a limit of 14 years), plus the number of years after 1950 for which the worker is credited with at least 25 percent of the contribution and benefit base. For this purpose, for years after 1978, the contribution and benefit base is the amount the base would have been if the *ad hoc* increases in the base made under the 1977 Social Security amendments had not been enacted. Delayed retirement credits do not apply to the special minimum benefit.

Spouse's benefit. Monthly benefit payable to a spouse or a divorced spouse of a retired or disabled worker under one of the following conditions:

1. the spouse is age 62 or older or has an entitled child of the worker in his or her care who is under age 16 or is disabled, or

2. the divorced spouse is age 62 or older, unmarried and his or her marriage to the worker lasted 10 years before the divorce became final.

Substantial gainful activity. Work activity that involves significant physical or mental activities and which is usually done for pay or profit.

Surviving divorced father's benefit. See "Mother's or Father's benefit."

Surviving divorced mother's benefit. See "Mother's or Father's benefit."

Surviving divorced spouse's benefit. See "Widow(er)'s benefit."

Survivor's benefit. Benefit payable to an eligible survivor of a deceased, insured worker.

Taxable earnings. Covered wages and/or self-employment income under the prevailing contribution and benefit base.

Taxable payroll. With certain adjustments, the total earnings that are subject to Social Security taxes.

Taxable self-employment income. Net earnings from self-employment, generally above $400 and below the contribution and benefit base for a calendar or other taxable year, less any taxable wages in the same taxable year.

Taxable wages. Wages paid in a year for services rendered in covered employment up to the prevailing contribution and benefit base. In some cases, wages must also be above a specified amount to be taxed and credited (for example, $50 or more in a calendar quarter from one employer for domestic employment, $100 or more in a calendar year for employment in a nonprofit organization or for services not in the course of an employer's trade or business).

Totalization. The process by which persons having at least six U.S. quarters of coverage, but who do not meet the insured status requirements may combine their U.S. periods of coverage with periods of coverage earned in a foreign country with which the United States has signed a Social Security agreement for purposes of meeting these requirements. The benefit payable is based on the proportion of total covered work completed under the United States system.

Trust Fund. Four separate accounts in the United States Treasury in which are deposited the equivalent of taxes received under the Federal Insurance Contributions Act, the Self-Employment Contributions Act, contributions dealing with coverage of State and local government employees; the equivalent of income taxes collected as a result of the taxation of Social Security benefits; any sums received under the financial interchange with the railroad retirement account; voluntary hospital and medical insurance premiums; and transfers of Federal general revenues. Funds not withdrawn for current monthly or service benefits, the financial interchange, and administrative expenses are invested in interest-bearing Federal securities, as required by law; the interest earned is also deposited in the trust funds.

- **Old-Age and Survivors Insurance (OASI).** The trust fund used for paying monthly benefits to retired-worker (old-age) beneficiaries and their spouses and children and to survivors of insured workers.
- **Disability Insurance (DI).** The trust fund used for paying monthly benefits to disabled-worker beneficiaries and their spouses and children and for providing rehabilitation services to the disabled.

- **Hospital Insurance (HI).** The trust fund used for paying part of the costs of inpatient hospital services and related posthospital care for aged and disabled individuals who meet the eligibility requirements.

- **Supplementary Medical Insurance (SMI).** The trust fund used for payment of part of the costs of physicians' services, outpatient hospital services, and other related medical and health services for voluntarily insured aged and disabled individuals.

Widow(er)'s benefit. Monthly benefit payable to: (1) an unmarried widow(er) or surviving divorced spouse of a worker fully insured at the time of death if he or she is (a) age 60 or older or (b) age 50-59 and has been disabled throughout a waiting period of 5 consecutive calendar months that began no later than 7 years after the month in which the worker died or after the end of his or her entitlement to benefits as a mother or father.

A surviving divorced spouse's marriage to a worker must have lasted 10 years before the divorce became final.

Widowed father's benefit. See " Mother's or Father's benefit."

Widowed mother's benefit. See "Mother's or Father's benefit."

Wife's benefit. See "Spouse's benefit."

Withholding. Suspension of benefit payments until the conditions causing deductions are known to have ended. Suspension of monthly benefit payments does not affect eligibility for hospital insurance benefits. In the context of this report, withholding of benefits applies:

1. when a beneficiary under age 70 has earnings in covered or noncovered employment or has net earnings from self-employment above the annual exempt amount, or

2. when a spouse under age 62 or a mother or father fails to have in his/her care an entitled child of the worker who is under age 16 or disabled.